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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Academy Official Deplores Past Mistakes, Hails Restructuring

18200219a Moscow MOSKOVSKAYA PRAVDA
in Russian 16 Jul 87 pp 2-3

[Article by V. Dashichev, professor; department head, Institute of Economics of the World Socialist System, USSR Academy of Sciences: "Priority of Reason"]

[Text] There are events that predetermine the long-term development of peoples and countries. The June Plenum of the CPSU Central Committee can unquestionably be classified among these events. The "Basic Principles of Radical Restructuring of Economic Management" approved by it and the program ideas set forth in M. S. Gorbachev's report opened up broad prospects for the radical modernization of socialist society and for qualitatively new avenues of development. The historic scope of the Plenum's decisions and their significance for our people's destiny become particularly visible when you imagine the total complexity of truly revolutionary reforms of seemingly unshakeable socioeconomic structures and thinking stereotypes.

As we know, it is just as difficult for a society to know itself as it is for an individual person. This principle acquires special significance when society lacks the conditions and social mechanisms required for self-knowledge. In such a case, serious misfortune may befall it. After all, if there is no self-knowledge, there is no self-improvement, no development, and no progress. There will then be stagnation or even regression.

It must be bitterly and sadly admitted that our society was in just such a state for a long time. We are now once again acquiring the capacity for self-knowledge, for exposing and eliminating contradictions and shortcomings that have accumulated in our development. In the past, all attempts at glasnost, truthfulness and objectivity in evaluating our reality—in the name of our own good and the interests of socialism!—invariably ended in failure. It is sufficient to recall the fate of the decisions of the 20th Party Congress. The reevaluation of values that was begun at that time was very quickly shut down. The same fate befell all subsequent attempts at reforming the economy and the sociopolitical system in the '60's and '70's. In actuality, for more than 30 years, the modernization of socialist society did not develop or developed at a very slow pace.

What was the reason for this?

Dogmatism in the Vacuum of Ideas

The dialectics of development of human society shows that any revolutionary force runs the risk of becoming a conservative force upon coming to power. At first glance, it may seem improbable that the revolutionary spirit and

conservatism, that socialism and conservatism could coexist. But nevertheless, this is precisely the case. We have become convinced of this on the basis of our own experience and have openly admitted the existence of conservatism, sluggishness and reaction in our society. Their carriers have become a serious obstacle to restructuring.

"Socialist conservatism" is a very complex phenomenon that for a long time was not even mentioned, let alone investigated. Its source must obviously be sought in dogmatism, in frozen mental stereotypes that are remote from life, in illusions, in naive views, in a distorted understanding of socialist theory and the teachings of Marx and Lenin. All this must be multiplied by the material, selfish interests of the bureaucracy that has reached enormous proportions in the organism of socialist society. And the aging of cadres who were taking it easy at their posts and who desired no changes whatsoever? This also greatly retarded development. Conservatism also flourished with the prolonged stagnation of creative thought.

Initially, Stalin alone usurped the right to develop theory for decades. Independent thinking was not permitted. When we lost the highest interpreter of theory, we continued to follow the course plotted by him. The tradition of theoretical inertia had baleful consequences. There developed a vacuum of ideas capable of explaining new phenomena and the new needs of our development. Commentary and theoretical varnishing of reality flourished. It is not surprising that the progress-inhibiting mechanism gained enormous momentum under these conditions.

Our party and healthy forces in society found the courage and wisdom to make a truthful, candid evaluation of negative phenomena in the development of the nation and to outline avenues for the radical reform of socialism thereby cleansing it of everything hindering our forward progress. The revolutionary force in power showed that it could soberly and realistically view the results of its activity, recognize and overcome conservative trends regardless of the social break [sotsialnaya lomka] this might require.

In order to carry out the restructuring successfully, we had to determine what we must restructure, what was obsolete, what was impeding our progress, and what was true and false in the theory and practice of socialist construction especially in economics—the fundamental basis of our existence. The basic question of restructuring—the proper correlation between centralism and democratism and the freedom of action at the local level—is the subject of debate to this very day.

In economic theory and practice, a kind of watershed developed between the advocates of centralism and those favoring the broad use of commodity-monetary relations. This disagreement would seem to be to blame for many of our troubles. The fact of the matter is that no

modern society can develop over a long period of time without a close dynamic interrelationship between the producer and the consumer, between production and the marketplace. The breaching of this bond is justified only under extraordinary conditions, for example, in wartime. At such a time, there is also strict regulation and all-embracing control and compulsory regulation in the form of a rationing system for the population and for production, and other constraints on economic activity. This activity is subordinate to a single center and serves a common goal.

This should not be the case under normal conditions. When Marx wrote his "Capital," he proceeded from the assumption of a continuous relationship between production and consumption ("commodity-money-commodity"). But since commodity-monetary relations under capitalism were the object of his research, many of our leading economists drew the false conclusion that the market and commodity-monetary relations were the source of exploitation, profits, profiteering, and the anarchy of production. It was virtually consigned to anathema as an attribute of bourgeois society. And this was completely wrong.

After all, the producer and the consumer exist under socialism. The very close interrelationship that exists between them is subordinate to definite economic laws, the violation of which can result in the disorganization of the national economy. It was specifically from this conclusion that V. I. Lenin proceeded when he proposed the introduction of NEP at a time when our country was making the transition from the extraordinary state of War Communism to peaceful construction. This was a far-reaching policy. V. I. Lenin regarded the market essentially as an integral part of the socialist national economy on a par with production.

The Human Energy Crisis

After Lenin, development went in another direction. The close link between production and consumption was broken. Production began working not for society but for a plan which naturally could not take into account and reflect all social needs. Is it not surprising that several years ago a fundamental article by a former chairman of USSR Gosplan on the development of the Soviet national economy discussed only planning and the organization of production? It did not say a single word about consumers, i.e., about our, Soviet market.

And indeed, we did not want to understand and admit that the market is just as amenable as production to conscious regulation and control. The ignoring of the economic laws of functioning of the social organism was closely tied to this confusion.

An economy that was organized on the principles of extremely rigid centralism was more like a giant military mechanism with its battalions, regiments, divisions, and armies—enterprises, associations, main administrations,

committees, and ministries dominated by the figure of the commander-in-chief. Everything was subordinate to the fulfillment of the plan-order. But society cannot live and work according to army laws.

In such a system, there was no place for Lenin's idea of self-government of the working people. It did not offer healthy material incentives to the work force. It killed initiative, enterprise, and the innovative spirit. It was entirely hostile to *khozraschet* [cost accounting]. It basically distorted Lenin's cooperative plan. Instead of the voluntary-independent principle, it was based on compulsory labor, total subordination to the state, and orders from above. It is hard to believe that Soviet peasants who, just a few decades ago were tied to a certain area of land as in the past, received little or nothing for their labor on collective farms.

Once again the direct producers were alienated from the means of production and they had no interest in their labor which, as is known from history, was one of the primary reasons for the deep socioeconomic crisis of preceding social formations and which ultimately meant their doom. There was no uniform economic measure of value that reflected actual labor inputs and costs. Prices and wages were determined arbitrarily, by eye. The ruble ceased to be an accounting unit in foreign relations. The Soviet economy found itself in a position of self-isolation. It was shut off from the rest of the world by currency, structural, organizational-administrative, and other barriers. And this at a time when the level of economic and scientific-technological development of the modern state depends directly on the degree of its participation in the international division of labor and its involvement in international cooperative relationships.

This economic system was of a purely extensive, cost-is-no-object nature. It made it possible to achieve successes and breakthroughs only in narrow directions where as a result of an extremely high level of centralization it was possible to concentrate vast resources. As a rule, this was done at the expense of stripping or undermining other sectors of the national economy. There was no harmonious development throughout the entire economy.

Of course, it is impossible to deny the major role played by the strictly centralized system, for example, in the industrialization of the nation or in supplying materials to the front during the Great Patriotic War. But these were extreme circumstances. Under normal conditions it was unable to fully satisfy social needs, to secure the world level of economic and technical progress, quality and labor productivity. This deprived us of the hope for success in the economic competition with capitalism. The main shortcoming of the old economic system was that it doomed the masses, the "lower levels," the basic links of the national economy to total passivity, inertia,

and a lack of interest in the continuous growth and improvement of their performance. This ultimately led to the phenomenon of the human energy crisis which is so alien to socialism.

Historically, the inception and long-standing existence of an extensive type of economic system in our country were the result of a number of circumstances: the lack of development of the nation's economy at the time, the lack of experience in the building of socialism, the enormous enthusiasm of the people who sacrificed everything for the sake of socialist ideals, and naive ideas that the nation's economy could supposedly be managed from a single center.

The greatest influence on the formation of this system was exerted by the ambitions of Stalin who placed his exclusive, personal power above all else. The psychology of supercentralism, despite the fact that it was entirely alien and even hostile to socialism, optimally suited the interests and views of Stalin regarding the administration of state. This psychology penetrated every pore of society. Its carriers reached the point of absurdity when they, for example, started teaching Prokofiev and Shostakovich how to write music.

The Great Patriotic War played no small part in perpetuating the existing order. Our Victory, which demonstrated the indisputable advantages of socialism, the self-sacrifice and heroism of the Soviet people, at the same time sanctified the Stalinist mechanism of management and rendered it untouchable.

Despite the fact that already in the late '50's, there were signs that the old economic system was breaking down and that there was an awareness of need for its deep reform, it continued to produce and strengthen itself. The unproductive administrative apparatus grew to unprecedented scale. Society was literally fettered by bureaucratic chains and petty regulations from above. The development of our productive forces was artificially retarded. The economy was able to remain afloat only because of our vast resources.

The guardians of the old economic system did not want to ask themselves the simple question: why had the nation, which had more natural resources than any other country in the world, become a country of continuous shortages? Why was our living standard among the lowest in Europe? It would seem that this should be a serious cause for apprehension. But no, they continued to have blind faith in the old management mechanism and refused to understand that it had ceased to serve the interests of socialism, that it was threatening the dominant positions of our party.

Whose Purpose Was Served by This?

There is one more aspect of this question that should be discussed—the international aspect. The ineffective cost-is-no-object character of our economy increasingly

undermined the attractive force of socialism and the authority of the Soviet Union in the eyes of other countries. It was not by chance that books with gloomy forecasts of our development began appearing in the West.

Even among our foreign friends, there was widespread dismay concerning the growing difficulties and problems of the Soviet economy.

In my view, the advent of Eurocommunism, which sought alternatives and models of socialist development that were remote from the Soviet experience, can be regarded as a kind of reaction to our socioeconomic difficulties.

Our economic mechanism also became a serious brake on real socialist integration. It hindered the organic intertwining of economic interests in the basic links—between work collectives—in the basic economic links of CEMA countries. Only the top echelons of power were integrated by the administrative-bureaucratic path. This integration was very artificial and superficial. We were very far removed from socialism's ideal of direct contact between peoples in the socialist community. And indeed how could there be such contact if our previous system cut us off from our CEMA partners by currency, administrative, visa and other barriers.

It was easier for citizens from fraternal socialist countries to visit the West than to visit the Soviet Union. And was it normal that internationalization processes in the capitalist world were incomparably more intensive and effective in breadth and depth than in the socialist world? And this contrary to Lenin's predictions that internationalization would reach its highest level under socialism. The prospects for an international community that dared to develop along the path of further economic isolation of states, each of which would have its own convertible currency, its own arbitrary pricing system separate from the world market, its own economic structure, which would be incompatible with the outside world, which denied the possibility of broad cooperative relations at the enterprise level, etc., would have been unenviable. We would have come to resemble something in the way of medieval particularism.

This is why our old economic mechanism contradicted not only the need for closer economic cooperation within the framework of CEMA but also the principal trends in world economic development. This became especially evident in the '70's, when the door opened wide to the expansion of East-West trade and economic relations. Our economy proved to be incapable of availing itself effectively of this favorable opportunity. It was unable to properly "digest" the new equipment and technology purchased in the West and the credits it obtained from the West. Nor could it move its products in the demanding Western markets. The structural barriers separating it from its Western partners also proved to be too high.

I have before me a letter received from a West European firm at the end of last year. It presents a critique of a Soviet tractor that the firm was selling in its own country: "In order to put the tractor into the condition demanded by our exacting customers, we must spend at least 150 and as a rule more than 200 man-hours debugging each tractor. The manufacturing plant is entirely slipshod and disinterested—bolts are not tightened, collars are missing, oil lines and hydraulic systems leak, the crankcase and pressure fluid tank are fouled with iron shavings and casting particles, the door locks do not work, the brake systems are not properly adjusted, water gets into the oil pan, etc., etc. Totally erratic turns of the steering wheel make the tractors dangerous to drive on our roads. Therefore we have to rework the entire steering system. The hoses that are supplied and, in part, hydraulic pipes do not withstand the pressure and have to be replaced by hoses and pipes produced by us. After 200-400 hours of operation, the brake shoes are so badly worn that they have to be replaced. Our brake shoes are good for about 3000 hours of operation...."

Such critiques, which would make any Soviet person who cares for the honor of his country blush, are unfortunately not isolated. They are the result of a system that has developed over many years in our national economy under the influence of the old economic mechanism. It is specifically for this reason that no matter how we tried we were unable to overcome the archaic structure of our exports in which 80 percent consisted of raw materials and energy resources and only a negligible part was machines and finished products. And indeed the very fact that commodity exchange plays the dominant role in our foreign economic relations—even within the framework of CEMA—attests to the lag of our economy. We have also been unable to make the transition to modern, progressive forms of economic cooperation.

Take direct production relations, for example. They have long ago taken possession of the world economy and have become a mighty stimulus and source of economic and technological growth. However, it was absolutely not a part of our old economic mechanism. We have gone more and more into an economic cul de sac in the internal sphere and in external relations.

Restructuring changes everything dramatically. The June Plenum of the CPSU Central Committee and the decisions of the last session of the USSR Supreme Soviet instill great hopes in the firm confidence in revolutionary change for the better. Soviet man and Soviet society have a colossal potential energy and creative power. Restructuring is specifically the creation of the necessary conditions for the release of human energy and initiative, for freeing Soviet society of unnecessary fetters that retard its movement toward the summit of socialist development.

The central task of socialist construction is to create on a socialist basis stimuli for economic, scientific-technological and social progress that are stronger than those of

capitalism. For the first time in the entire history of Soviet power, real avenues for realizing this goal have been articulated. They lead through the radical break with the old economic mechanism to the creation of a totally new, whole system of economic management and functioning.

Frequently, one frequently heard the following "argument": why should we change our old economic mechanism? After all, the argument went, the combination of the advantages of socialism with the latest technology will also give us superiority.

This is an entirely false view. The whole point is that the old economic mechanism doomed us to technological backwardness. We not only could not "overtake and surpass" but also began losing one position after another. If the situation were to continue, socialism, our people's well-being, and the fate of the nation would be seriously threatened.

A Radical Break

When one reflects on the Plenum's decisions, one is first of all struck by the integrated approach to the economic reforms. Already in itself, this is an important guarantee of success.

The failures of previous attempts at reform were explained, in particular, by the fact that they embraced individual, narrow sectors of society's life activity while leaving other, no less important sectors untouched. As a result, the reforms were frustrated by the lack of resolution of questions relating to them.

For example, the return to Lenin's ideas regarding *khosraschet* is inconceivable unless we break with the old pricing system. The expansion of the autonomy of enterprises would be an empty exercise without the radical reform of the supply system, without the introduction of wholesale trade in spare parts, machinery, equipment and supplies.

Restructuring today embraces literally all spheres of life activity in Soviet society. The economic reform envisages the dramatic expansion of the boundaries of enterprise autonomy, the radical restructuring of centralized economic management, the cardinal reform of planning, pricing, and the finance-credit mechanism, the transition to wholesale trade in the means of production, the restructuring of the management of scientific-technological progress, foreign economic relations, labor and social processes, and, what is especially important, the democratization of the economy, the development of self-management, and the creation of an effective mechanism for activating the potential of the human personality. The reform eliminates the deformations of socialism in the spirit of bureaucratic centralism. As M. S. Gorbachev phrased it, "centralism, which became bogged down in the attempts to regulate everything" is decisively cast off.

The situation is now changing in the direction of establishing a proper correlation between centralism and initiative at the local level. This means the in-depth democratization of economic processes and the entire decision-making process in the national economy. Enterprises are becoming autonomous and responsible economic subjects. In the past, they were merely the objects of the activity of higher organs. Thus, the center of gravity of social activism is decisively shifting, as it should, directly to the production sphere. The role of production collectives and the individual is undergoing radical change. Broad prerequisites are being created for the elimination of one of the main defects of the old economic system—the alienation of the immediate producer from the means of production.

Man in socialist society should not feel that he is the apathetic, indifferent implementer of another's will but that he feel himself to be an interested, responsible, and active master of production. The Law on the State Enterprise (Association) specifically creates the necessary prerequisites for this. In order to realize them, we will have to rid ourselves of many other vices. This applies particularly to the pernicious practice of wage leveling.

The time has come to admit that income differentiation depending on the quality and quantity of labor—albeit even very significant—is also a powerful stimulus for increasing production and creative activity. Without this, we will not move forward.

Socialist society does not need the "iron law of wages." It is also important to free ourselves of bureaucratic psychology. Bureaucratic property, bureaucratic thinking, a bureaucratic attitude toward man, bureaucratic literature, bureaucratic music, and other bureaucratic manifestations are alien to socialism and must become a thing of the past, while all manifestations of social life must acquire the features of human individuality.

According to the Laws of Dialectics

The theoretical principle formulated by the Plenum regarding dialectical unity and the complementary of planomernost [systematicness] and commodity-monetary relations hold exceptionally great importance for the new economic mechanism. In practice this means restoring the role of the Soviet market as an important stimulus and effective factor in improving the quality of goods and services, a factor that cannot in any way be compared with administrative directives.

Commercial principles and predominantly economic methods of management must become widespread in the national economy. The direct ties of enterprises, which are an entirely new practice for us, are probably the most difficult and complex aspect of the debugging of the new economic mechanism. If we get ahead of ourselves here we will only discredit the idea of restructuring. Dire...

ties can be effected only under proper economic conditions that still have to be created and supported. It would seem that this should also be one of the main functions of ministries and other organs of management.

The implementation of a large complex of measures is on the agenda. For example, the creation of all-union and territorial economic information banks to which all enterprises should have access; fundamental improvement in the study of market conditions; mastery of the art of enterprise management under new conditions, and many others.

The reform of our currency-finance and pricing system is a necessary condition to the successful use of direct production ties in the national economy. The introduction of the convertibility of the ruble must become a distant goal of this reform. Understandably, this will initially require the basic strengthening of our economy's positions at the level of enterprises that have been pampered by hothouse conditions of their isolation from the external world and that are poorly adapted for competition and cooperation with foreign firms.

The convertible ruble must become the symbol of our economy's might. Restructuring must work specifically in this direction. And this will make it possible to intensify socialist integration within the framework of CEMA, to develop our economic relations with the West and Third World countries.

We have entered an extremely interesting, dynamic and responsible period in our development. Concrete work on the restructuring process has begun. The break with the old and the affirmation of the new are always a painful process that is accompanied by heavy costs, by possible errors, and by collisions of views and interests. Our path is not easy. But it leads us to the true goal.

5013

Quick Reorganization of State Arbitration Operations Urged

18200221a Moscow KHOZYAYSTVO I PRAVO in Russian No 7, Jul 87 pp 3-13

[Unattributed article: "To Restructure the Work of State Boards of Arbitration More Actively"]

[Text] The implementation of the tasks of restructuring the country's economy and increasing its efficiency set by the 27th Congress of the Communist Party of the Soviet Union and January and June (1987) plenums of its Central Committee requires strengthening legality in economic relations. In this connection the importance of the activity of state boards of arbitration and other law protecting bodies increases.

A precise and clear evaluation of the work of state arbitration bodies is given in the decree dated 12 February 1987 of the CPSU Central Committee and the USSR

Council of Ministers "On the Further Improvement in the Activity of State Arbitration Bodies and Increase in Their Role in Strengthening Legality and Contractual Discipline in the National Economy." It notes that state arbitration bodies do not yet manifest proper initiative and persistence in their work, weakly affect enterprises and organizations for the purpose of fulfilling planned assignments and contractual obligations, and do not have a marked effect on the state of work on the conclusion of economic contracts. The decree pays special attention to absolutely ensuring the protection of the rights and interests of enterprises and organizations safeguarded by law under conditions of full cost accounting, self-financing, and intensification of economic methods of control and management.

The decree analyzes these, as well as other, shortcomings in the activity of state arbitration bodies. To eliminate them, state arbitration bodies must sharply raise the level of their work. The Central Committee of the CPSU and the USSR Council of Ministers made it incumbent upon the USSR State Board of Arbitration to restructure the activity of state arbitration bodies in accordance with the decisions of the 27th CPSU Congress, to take the necessary measures to improve the style and methods of their activity and to increase the responsibility of personnel, and to significantly intensify the effect on strengthening legality and planning and contractual discipline in the national economy.

The heightened attention by the party and the government to these matters is understandable. In a number of economic sectors there are many cases of infringement concerning the cost accounting rights and interests of enterprises and organizations and of serious shortcomings in the practice of contract conclusion. A large number of enterprises and organizations do not yet fulfill contractual obligations.

This is mostly due to the fact that many production managers and organizers do not observe the norms of economic legislation. There were many such infringements during the last five-year plan. The number of economic infringements and losses connected with them hardly declined last year, or during the first quarter of the current year. The result: nonfulfillment of contractual obligations by many enterprises. The consequence: large fines for this.

Both general financial losses and nonproduction expenditures in the national economy are considerable. Furthermore, substantial monetary assets are frozen in above-standard stocks and incomplete construction every year. They are withdrawn from the economic turnover for a long time and do not give the proper economic return. Many ministries, departments, and enterprises have gotten used to these vast losses and do little to reduce them. A considerable part of the losses is not exacted from guilty persons, but is written off to production expenses, which has a negative effect on the profitability indicators of enterprises and incentive

funds for labor collectives. State arbitration bodies are to play a big part in the fight against such shortcomings. However, it has not been so to this day.

The USSR State Board of Arbitration and its local bodies do not manifest proper initiative in promptly compensating for damages and in uncovering and eliminating their causes. They weakly utilize the legal levers intended to contribute to the prevention of economic infringements of the law. This work should be fundamentally restructured in terms of its activation and the attainment of real final results.

In a number of the country's regions—Belorussian, Ukrainian, Turkmen, Tajik, Uzbek, and Estonian SSR and some oblasts in the RSFSR—state boards of arbitration do not accept for examination up to one-fourth of the statements of claim received by them and other republic boards of arbitration, up to one-half. This attests primarily to major shortcomings in legal work at enterprises and organizations. However, here it should also be stated that many state boards of arbitration at times return without sufficient grounds claim materials without examination.

Many actions by enterprises are not satisfied in connection with the absence of guilt by other contracting parties, running of the statute of limitations, overstatement of the amount in controversy, and other reasons. However, many demands of the relief are groundlessly turned down by state boards of arbitration.

Often decisions by state arbitrators are sent for execution without keeping to the schedules set.

Why does this happen? Because there are still managers and specialists of state arbitration bodies, who to this day have a formal attitude toward their work, work according to old methods, do not change the stereotypes and psychology formed in them, and live with the old store of knowledge. Traditional errors, miscalculations, and imperfections are repeated year after year and have already acquired a certain force of inertia, which cannot yet be overcome. The fact that in a number of places the activity of state boards of arbitration is weakly coordinated with the reform in the economic mechanism and management implemented in the country has become the consequence of this. Noncoordination in the actions of state boards of arbitration with law protecting and controlling bodies and state management institutions continues to occur here and there. Hence the insufficient efficiency of the effect of the state board of arbitration on the elimination of the causes and conditions contributing to infringements of the law in the economic sphere. For years these causes and conditions have remained irremovable, which has belittled the responsibility of economic managers, production organizers, and specialists for major economic miscalculations, mismanagement, and big losses of physical assets.

Strengthening contractual discipline, whose breaches are very widespread and represent a considerable hindrance to the accomplishment of the tasks facing the national economy, is now the main direction in the work of state boards of arbitration. Many associations and organizations strictly fulfill their obligations to their partners. Work under new economic conditions contributes to this. Under these conditions labor collectives have begun to receive a marked addition to material incentive funds for the fulfillment of contracts and, conversely, to lose per percent of nonfulfillment of contractual obligations to clients.

However, not all enterprise directors clearly realize that every case of violation of contractual terms does damage not only to the cost accounting interests of the labor collective, but also to the national economy as a whole.

This happens, because economic contracts have not yet become the basic lever of intensification of consumers' effect on the formation of production plans, improvement in the quality and technical level of output, and expansion of its assortment. An untimely conclusion of contracts leads to the nonregulation of economic mutual relations for a lengthy period, which has a negative effect on the regularity of production and deliveries and on the satisfaction of the needs of the national economy and the population.

The state of affairs with the fulfillment of the requirements of the decree No 672 dated 5 June 1986 of the CPSU Central Committee and the Council of Ministers "On Increasing the Responsibility of Associations, Enterprises, and Organizations for the Fulfillment of Contracts for the Delivery of Products and Goods" is still unsatisfactory. Last year alone state boards of arbitration examined disputes in connection with the fact that relations were not promptly regulated for more than 40,000 economic contracts for the delivery of products and goods worth several tens of billions of rubles.

The USSR State Board of Arbitration, performing the new functions entrusted to it, this April checked the practice of organization and guidance of contractual work at six ministries (the USSR Ministry of Ferrous Metallurgy, USSR Ministry of Tractor and Agricultural Machine Building, USSR Ministry of Machine Building for Light and Food Industry and Household Appliances, USSR Ministry of the Electrical Equipment Industry, USSR Ministry of the Chemical Industry, and USSR Ministry of the Construction Materials Industry). It turned out that these ministries could not ensure the conclusion by subordinate enterprises of many contracts for the delivery of products and goods before 1 January of this year. The guidance of the work on fulfilling this major legislative requirement was hardly carried out and proper control over it was not organized. In January 1987 alone about 5,000 disputes concerning the terms of contracts, according to which products and goods worth several billion rubles were subject to delivery, were received by state arbitration bodies for resolution.

There are many reasons for this. As before, planning and material-technical supply bodies do not always keep to the schedules of distribution of products and issue of planning documents for their delivery. Serious deficiencies exist in the work of industrial ministries and associations, whose obligation includes the distribution of products according to the assigned products list. Ministries and departments—capital holders—allow numerous delays in the distribution of funds for material resources among subordinate consumer enterprises. Unfortunately, there are still widespread cases when directors of many associations and enterprises groundlessly avoid the conclusion of economic contracts, try to postpone delivery dates and to create preferential terms for the fulfillment of planned assignments, and do not promptly solve problems concerning economic activity with partners, at the same time, engaging in malicious litigation and manifesting a narrow departmental approach to the realization of intersectorial tasks.

State boards of arbitration must resolutely stop such negative phenomena. In the shortest time in interaction with the bodies of the system of the USSR State Committee for Material and Technical Supply and the USSR Ministry of Trade economic managers must take every measure to rectify the existing situation and to ensure a prompt conclusion of contracts for 1988.

The shortcomings in the work on the conclusion of economic contracts have an extremely negative effect on the fulfillment of planned assignments. Output worth hundreds of millions of rubles is underdelivered, which evokes a chain reaction in the economic disbalance. The state suffers losses.

Cases when, owing to the attempt to shirk responsibility and the lack of proper recording of the fulfillment of obligations, many suppliers avoid a voluntary transfer of the penal sum for the underdelivery of products and goods, are not isolated. This hampers the introduction of the new mechanism for the application of responsibility as to property into practice and creates conditions for concealing the true state of affairs with the observance of contractual discipline. Such tendencies are noted in a number of sectors of the machine building complex (the USSR Ministry of the Machine Tool and Tool Building Industry, USSR Ministry of the Automotive Industry, USSR Ministry of the Electrical Equipment Industry, and USSR Ministry of Chemical and Petroleum Machine Building), as well as in ferrous metallurgy, state trade, and some others.

The situation, under which enterprises report on a 100-percent fulfillment of the plan for the sales of output, but, at the same time, do not fulfill their obligations with respect to many contracts, has become typical for a number of industrial sectors. In particular, every second enterprise of the USSR Ministry of the Automotive Industry, which failed to fulfill contractual obligations during the first quarter of this year, reported on a 100-percent fulfillment of the plan for the total sales

volume. What kind of delivery discipline can be mentioned here if the sales plan is largely fulfilled at the expense of noncontractual deliveries? In 1986 alone the State Bearing Plant No 1 did not deliver products and consumer goods worth 24 million rubles, which comprised almost one-fourth of the production plan. For the underdelivery of its products the plant paid 2 million rubles of fines to consumers.

The number of disputes connected with the exaction of fines for underdelivery at state arbitration bodies has been slightly reduced, but a significant number of them—up to 100,000—is still being examined, which constitutes a considerable part of all the property disputes. Last year in this category of disputes several millions of rubles of fines were exacted, of them on the initiative of the state board of arbitration, including in an increased amount for gross breaches of obligations, 35 million rubles. However, only 6,000 officials guilty of such breaches were made financially responsible for them and only 826,000 rubles were exacted from them as compensation for damages.

From these facts it can be concluded that the real effect of the state board of arbitration on strengthening delivery discipline is still weak, apparently, because not all state arbitration bodies have a clear understanding of the importance of this area of work. Right now it is necessary to set in motion all legal levers, which would make it possible to unfailingly ensure the protection of the rights and legally safeguarded interests of enterprises and organizations under new conditions of management.

Effective methods of work by the state board of arbitration contributing to the most rational and efficient utilization of the financial resources of enterprises should be worked out in the process of restructuring. Owing to existing organizational shortcomings, so-called mutual "amnesty," freezing funds in above-standard stocks, and groundless refusals to pay for received products are widespread in practice.

However, arbitration boards do not yet have a significant effect on these negative processes and the number of cases concerning breaches of accounting discipline is increasing systematically. Last year boards of arbitration examined about 110,000 such cases amounting to about 500 million rubles. A total of 260 million rubles were exacted from them. As compared with 1981 (the first year of the last five-year plan) the number of such cases increased by more than 23,000. State boards of arbitration must intensify the intervention with the bodies of the USSR State Committee for Material and Technical Supply in order to introduce order in accounting discipline.

Here is another important direction in the work of state arbitration bodies—the active fight waged in the national economy for a fundamental improvement in the quality of output. The CPSU Central Committee and the USSR Council of Ministers adopted a number of decrees on this matter.

Every year state arbitration bodies examine more than 100,000 actions for quality amounting to more than 420 million rubles. The recovered amount totals 276 million rubles. However, the compensation for damages caused by the delivery of poor-quality products and goods is negligible.

The state board of arbitration must actively utilize the right granted it to institute proceedings on its initiative. It is necessary to more carefully study the reasons for the output of poor-quality products, to demand their elimination and compensation for damages caused by the delivery of such products, and to raise the question of the financial responsibility of specific officials for the output of rejects. Effective measures for coordinating the actions of the state board of arbitration with subdivisions of state acceptance according to quality, bodies of the USSR All-Union State Standard, juridical services, and sectorial inspectorates, should be worked out.

Effective assistance with the legal means inherent in the state board of arbitration for the fulfillment of the party and government decree on scientific and technical progress is one of the basic directions in its activity. As a practical analysis shows, economic contractual relations and the mechanism of realization of economic and legal responsibility are the least developed in the sphere of science. The level of scientific research and planning-surveying work by no means always corresponds to world achievements and errors and miscalculations in planning estimates involving nonproduction expenses and losses are allowed. Owing to obsolete technologies, losses due to waste occur in even bigger amounts. However, the sum compensating for losses does not exceed even one-tenth fraction of a percent.

Shortcomings in the work of the construction complex greatly hamper production intensification. Owing to the lack of proper control on the part of construction management bodies and clients, the number of long construction projects is not being reduced and poor-quality construction and an increase in its costs are allowed. According to calculations by specialists, economic losses in construction make up impressive sums amounting to billions of rubles.

Meanwhile, state boards of arbitration do not always profoundly and thoroughly analyze the reasons for breaches of obligations concerning contracts for capital construction and do not direct their efforts toward the elimination of sore points in this matter. An analysis of the application of property sanctions evokes serious concern. In 1986 state boards of arbitration exacted 43 million rubles from contracting organizations for failure to keep to construction schedules and 7 million rubles, for improper quality of construction, whereas more than 100 million rubles were exacted from clients.

Of course, this is partly due to the change in legislation, which has eliminated the responsibility for the nonfulfillment of work stages, as well as to the high amount of

sanctions for nonpresentation of technical documents by clients. Nevertheless, it is quite abnormal that property sanctions are applied mainly against clients, while contracting organizations, which are to blame for long construction projects, remain on the sidelines. Materials of arbitration cases show that clients, not wishing to spoil relations with contractors, "amnesty" them.

Some boards of arbitration wage an active fight against this evil. For example, in 1986 the Georgian SSR State Board of Arbitration on its initiative instituted three times more proceedings than the demands of the relief made by clients and contractors on each other. All these proceedings concerning the exaction from construction organizations of fine sanctions for failure to keep to construction completion schedules were instituted in the interest of clients. The most urgent cases are examined directly in construction organizations with the participation of labor collectives and are illuminated by means of mass information—on television and radio and in the press. The work done by the board of arbitration has a marked effect on strengthening contractual discipline in the construction complex of the Georgian SSR.

However, many state arbitrators still disregard amnesty cases and do not fully utilize the right granted them to institute proceedings on their initiative. Some arbitrators have almost completely stopped to institute such proceedings. In 1986, as compared with 1981 (the first 2 years of 11th and 12th five-year plans were taken for comparison), the number of such proceedings was reduced by one-third and recovered amounts, by one-half.

State arbitrators should pay greater attention to the activity of transport organizations. An urgent task lies in helping them to overcome a situation, under which, owing to failures in transport operation, an actual and prompt receipt of the necessary products by enterprises is not guaranteed, and in attaining a reduction in the damage due to the lack of preservation of goods during shipment. Here the influence of state arbitrators should be exerted more through preventive work.

An increase in the efficiency of applied legal levers aiding in the fulfillment of the food program is an important direction in the activity of state arbitrators. We must not fail to note that one-third of the actions in connection with the breach of legality and contractual discipline are instituted against the associations and enterprises of the USSR Gosagroprom, the USSR Ministry of Grain Products, the Central Union of Consumer Cooperatives, and the USSR Ministry of Trade. The attention of state arbitrators to these sectors should be intensified.

The problem of ensuring the preservation of socialist property remains acute. State arbitration bodies in their activity still weakly utilize legal means and other forms

of preventive work for the purpose of intensifying its protection, introducing the policy of economy, and eliminating losses in the national economy.

When resolving disputes connected with the deficiencies and spoilage of products and goods and damage done to them during delivery, state arbitrators do not profoundly uncover their causes, do not expose guilty persons, and do not take proper measures to intensify the coordination of preventive work with internal affairs, procuracy, and other law protecting and controlling bodies.

With a certain reduction in the number of disputes concerning deficiencies of products and goods throughout the country, they increased in some Union republics in 1986. In particular, in the Azerbaijan SSR the number of such cases rose 27 percent and in the Turkmen SSR, 23 percent.

It is indisputable that under restructuring conditions it is necessary to critically analyze the materials of cases connected with the deficiencies and spoilage of products and damage done to them during deliveries and shipment and to take urgent measures to intensify the effect by legal means on official and financially responsible persons guilty of the lack of preservation of socialist property. First of all, it is necessary to direct efforts toward the fight against losses of foodstuffs, as well as of building materials, timber, spare parts, motor tractor equipment, and imported goods.

Special attention should be drawn to compensation for the damage by officials and financially responsible persons.

The new powers granted state arbitrators, including the right to check at enterprises and organizations the observance of legislative requirements concerning matters of contract conclusion, fulfillment of obligations, application of property sanctions for committed violations, and a prearbitration settlement of economic disputes and to check at ministries and departments the practice of organization and management of this work, should become an effective means of intensifying the effect of state boards of arbitration on strengthening legality in the national economy.

Such powers impose great responsibility on state arbitration workers.

Workers at state arbitration bodies should clearly learn that checks should not be an end in itself. The chief thing is to make practical proposals on how to eliminate and prevent the uncovered infringements of the law and to give assistance in ensuring the correct application of economic legislation and in utilizing legal means for strengthening legality and contractual discipline.

The realization of control powers over the observance of contractual discipline in the country should be also effected through a joint examination with the management of ministries, associations, and enterprises of problems connected with the adoption of specific measures to eliminate and prevent the infringements of the law and shortcomings uncovered during the checks and analysis of arbitration practice. Representatives of labor collectives should be more often enlisted in the examination of these matters.

The efficiency of checks will depend on the real fulfillment of measures envisaged on the basis of their results. Therefore, it is important to efficiently organize the control over the fulfillment of data based on the results of the check of recommendations and commands, to fundamentally evaluate the answers received from economic managers and other officials, and, if necessary, to make repeated checks. Hearing reports by officials on the measures taken by them to eliminate breaches of legality in work on the conclusion and fulfillment of contracts should become an important, new form of effect of the state board of arbitration. It is also necessary to more efficiently utilize the possibility for an examination of economic disputes, which are of great social significance, directly at enterprises and organizations and to take specific measures aimed at expanding relations with labor collectives.

Facts of a formal approach to the investigation of case data, analysis of the positions of parties, and evaluation of proofs have not yet been eliminated in the practical activity of state arbitration bodies. Many state arbitrators try to confine themselves to ordinary schemes and to resolve a dispute according to a set pattern instead of profoundly and thoroughly investigating the essence of economic relations in each specific case and evaluating to what extent the adopted decision corresponds to the law, to the strengthening of cost accounting and contractual discipline, and to the elimination of the causes and conditions giving rise to violations and shortcomings.

When measures of property responsibility are applied to enterprises breaking the law and contractual discipline, the unity of arbitration practice is not always ensured. State boards of arbitration insufficiently utilize such an effective economic and legal lever as the exaction of sanctions at a higher rate from enterprises grossly or systematically breaking contractual discipline.

Many decisions not corresponding to legislation and case data are rendered. Their content often does not meet the requirements placed by the rules of examination of economic disputes.

The supervision over the legality of arbitration cases is of great importance. However, directors of many state boards of arbitration still poorly affect a uniform and correct application of legislation during the resolution of disputes. The number of revoked decisions does not decrease and in a number of cases even increases.

Nor should we tolerate the fact that the faulty practice of affirming the appealed decision at all costs became ingrained at some boards of arbitration. Owing to such actions by managers of state boards of arbitration, illegal and incorrect decisions remain unchanged and, subsequently, are reviewed by superior state boards of arbitration. For example, the chief state arbitrator of the Yakutsk ASSR (A. Aganin) by way of supervision revoked and changed only 12 decisions adopted by the republic's state board of arbitration, but superior state boards of arbitration, 31 decisions by the same state board of arbitration—almost three times as much. A similar picture is observed at state boards of arbitration at Khorezm, Ural, Semipalatinsk, and a number of other oblasts.

Key workers at state arbitration bodies should realize that they bear the strictest responsibility for any infringements. Now under the conditions of the transfer of enterprises to full cost accounting, self-support, and self-financing behind arbitrators' decisions there are the interests of labor collectives. It is necessary not to simply state the fact that an incorrect decision was adopted and to revoke it, but to take measures, which would rule out the possibility of infringement by illegal decisions of the rights and interests of enterprises. Restructuring the work on the resolution of disputes should lie precisely in this.

An analysis and generalization of arbitration practice is of great importance in the matter of observance of legality in work on the resolution of economic disputes. Unfortunately, little attention has been paid to it recently, although without it it is impossible to ensure a uniform and correct application of legislation during the resolution of disputes.

The instructive directives by the USSR State Board of Arbitration and state boards of arbitration of the Union republics, which are of great importance for their uniform practice, should also be discussed here. Many of these directives have now become obsolete. Therefore, bringing them into conformity with the new legislation and present requirements is one of the immediate tasks.

Ensuring the unity and strictest observance of legality in the activity of departmental arbitration bodies is the most important direction in work. As an analysis shows, these boards of arbitration, when resolving disputes, sometimes implement the principle of inevitable responsibility for breaches of planning and contractual discipline inconsistently. The property sanctions established by legislation and contracts are not always applied against transgressors. The USSR State Board of Arbitration has uncovered a significant number of cases, when departmental arbitrators groundlessly exempt guilty enterprises from the payment of sanctions, or lower their amounts. Often such violations are committed in the interest of narrow departmentalism on instructions from

the management of a ministry (department), which infringes upon the economic and financial independence of enterprises and the rights of labor collectives.

Many other tasks, whose fulfillment will make it possible to successfully restructure the entire work of state arbitration bodies, including norm creating work, also follow from the decree dated 12 February 1987 of the CPSU Central Committee and the USSR Council of Ministers. With the adoption of this decree the norm creating function of the USSR State Board of Arbitration and state boards of arbitration of the Union republics has expanded. Now ministries and departments of the USSR and the Union republics should coordinate with them normative acts on problems of conclusion and fulfillment of economic contracts obligatory on other ministries (departments) and enterprises subordinate to them. A strict fulfillment of such a requirement of this decree will eliminate the lack of correspondence of departmental acts to legislation and will destroy the paper fence of departmental instructions now hampering the process of production management and fettering the development of socialist initiative among managers and specialists at enterprises.

The USSR State Board of Arbitration will have to do such important work as the regulation of the normative acts approved by it with a view to bringing them into conformity with existing economic legislation. Both managers of state boards of arbitration and state arbitrators, utilizing the accumulated experience, should maximally contribute to an improvement in the standard base.

In accordance with the changes introduced into the USSR Law "On the State Board of Arbitration in the USSR" the management of this system is entrusted to the USSR State Board of Arbitration and state boards of arbitration of the Union republics. The law also determines their responsibility for the organization, state, and improvement in the activity of all state arbitration bodies. Therefore, the success of restructuring will depend on their efforts and ability to organize an efficient and coordinated work of the system of state arbitration bodies. This requires serious work on improving the style and methods of management of state boards of arbitration.

Managers of the USSR State Board of Arbitration and of state boards of arbitration of the Union republics must constantly maintain a live contact with subordinate state boards of arbitration for a direct familiarization with the practice of their work, providing assistance, instruction, and exercise of personal control over the course of restructuring. It is necessary to pay more attention to lagging and poorly operating state boards of arbitration: To promptly provide assistance to them, to take on the spot measures to eliminate uncovered shortcomings and oversights, and, of course, to increase demands on their managers. The organizational work and the quality of

checks by state boards of arbitration should now be evaluated only according to how they helped to rectify the situation and to improve the final results of work.

When planning checks, it should be remembered that, along with purposeful checks, an overall study should be made of the activity of state arbitration bodies and, primarily, large state boards of arbitration. The situation, when some major state boards of arbitration are not included in overall checks for a long time, cannot be tolerated.

The organization of work with personnel under new conditions is the key restructuring problem. There are many imperfections here. Problems concerning a scientific substantiation of the needs of state arbitration bodies for material, technical, and personnel support have not been solved for decades. To this day many of them work under overloaded conditions and on unadapted premises. Reference-information and auxiliary services have not been organized properly. The latest hardware is not introduced into arbitration practice. The training of state arbitration personnel is imperfect. Many other problems hampering the development of the initiative of state arbitrators and the administrative staff have not been solved.

It is necessary to significantly increase the demands on personnel both in the center and in localities. Here we must proceed from the party aim—"restructuring must begin from ourselves." Radical changes in work will not be attained without the formation of fundamentally new thinking and new approaches to the solution of problems concerning an improvement in the arbitration process.

High professionalism, ideological conviction, competence, enterprise, understanding of the real problems in the restructuring carried out in the country, and a keen sense of justice and personal responsibility for the assigned job are indispensable conditions for conformity to the position held. Therefore, it is necessary to take measures to improve the work on the selection, disposition, and training of state arbitration personnel and to reinforce them with politically mature, principled, and highly skilled specialists.

Work control and checkup and the maximum development of criticism and self-criticism on the basis of wide openness in all links without exception are the most important means of promptly correcting distortions in personnel work. At state arbitration bodies there should be no associates beyond control and criticism.

Every state arbitration worker should really feel his involvement in the solution of general restructuring problems. Party and other public organizations of state boards of arbitration should play an important role here.

In the light of the tasks set by the party it is necessary to lend another nature to the interaction of the USSR State Board of Arbitration with state management bodies,

committees of people's control, and law protecting bodies. The vast information on economic infringements of the law accumulated at the state board of arbitration, when utilized correctly, makes it possible to promptly uncover the mechanism of inhibition in the economy and at sectorial ministries and departments.

The contradiction between the scale and complexity of accomplished national economic tasks and traditional methods of work with information at the state board of arbitration and other law protecting and controlling bodies is manifested ever more acutely in practice. Unfortunately, a single mutually coordinated system of statistical reporting by internal affairs, procuracy, state arbitration, and justice bodies has not been actually established to this day. Statistical reports by the mentioned departments are not coordinated. The work begun on the automation of legal statistics is done in an isolated manner. In the country there is no single state-wide system of recording and analyzing infringements of the law in the sphere of the economy. The method of determining and recording losses and nonproduction expenditures in the national economy has not been organized properly.

Substantiated recommendations on the forms of information interaction of state arbitration subdivisions with the bodies of the Central Statistical Administration in the center and in localities for promptly uncovering uncompensated losses have not been worked out until now. The capabilities of the developed automated control systems of enterprises, associations, and sectorial ministries and departments are not utilized for these purposes. To accomplish these tasks, the necessary working contacts should be established with the USSR State Committee on Computer Technology and Informatics, the USSR Central Statistical Administration, and appropriate scientific institutions.

In the light of the tasks set by the party it is necessary to decisively revise the personnel training system and the organization and stimulation of labor of state arbitrators. As is well known, the decree dated 12 February 1987 of the USSR Council of Ministers stipulated that before the end of the 12th Five-Year Plan the retraining of state arbitration workers will be increased to 140 people annually at the appropriate base in Moscow. At the same time, this does not relieve chief state arbitrators of the Union republics from the organization of personnel retraining in localities. It is also necessary to more actively utilize such a form as self-education. Under the conditions of introduction of cost accounting state arbitrators should master legal knowledge, as well as appropriate knowledge in the field of the economy and modern methods of control and management.

An analysis shows that scientifically substantiated criteria of vocational guidance are not utilized in personnel training, programs of special courses under restructuring conditions have not been worked out, and there are no textbooks and aids in methods on these matters, which

would meet modern requirements. As is well known, a reform in higher education is now carried out in the country. It is necessary to take organizational measures so that the appropriate needs of the state board of arbitration are taken into consideration properly.

Problems concerning the criteria of evaluating the efficiency of work by associates need a substantiation and practical solution. To this day many managers in the center and in localities cannot get away from the faulty practice of a formal evaluation of the activity of state arbitrators only according to the number of examined cases and sums of exacted sanctions. Such an approach fetters initiative and produces unnecessary paper work and bureaucratism and existing statistical reports are overloaded with data on the number of implemented measures. At the same time, they do not have sufficient information on the actual state of affairs with the observance of legality in economic activity and on the effect of the state board of arbitration on strengthening law and order. Here there is a wide field of activity both for scientists and for practical workers.

Under present conditions arbitration practice sharply needs profound scientific research and recommendations for a number of directions. To this day, however, appropriate research is conducted at juridical institutes with small forces, is not connected with the state arbitration practice, is scattered, and is not coordinated by anyone. Many publications are scholastic and do not contain specific recommendations. A single overall program for improving the activity of state arbitration bodies with due regard for the restructuring carried out in the country has not been developed to this day.

Creative discussions and exchanges of experience are to play a big role in the solution of urgent problems. For the popularization of the work of the state board of arbitration and its participation in the accomplishment of key tasks in economic intensification it is necessary to widely utilize the capabilities of mass information media and to set up business contacts with press, radio, and television bodies, as well as with the USSR Union of Journalists.

Of course, the examined matters do not exhaust all the existing possibilities and unutilized potentials for improving the activity of state arbitration bodies. Their workers must manifest more enterprise and initiative in order to actively promote the restructuring taking place in the country and the strengthening of legality in economic relations.

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CSA Official Acknowledges Flaws, Outlines New Program

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[Article by N. Belov, deputy chief of USSR CSA: "The Tasks of Statistics in the Context of the Reform of Economic Management"]

[Text] The cardinal reform of management of the economy necessitates a radical restructuring of statistics. This is a very important and urgent matter, it was emphasized at the June Plenum of the CPSU Central Committee. The plenum set these tasks: "To use statistics as an important instrument for openness, for socioeconomic analysis, and for improving competence in solving economic and social problems. To improve the promptness and reliability of statistical information, to reduce and simplify reporting, and to step up the fight against deception and figure padding."

These tasks pertain to all aspects of statistical activity—analytical, methodological, monitoring, popular information, as well as internal economic and financial activity.

Analytical Activity. Economic analysis defines the very purpose of statistical recordkeeping, and that is why attention must be paid above all to comprehensive improvement and an essential rise of its quality. To be frank, triviality, a lack of concentration, superficiality, and stereotypes predominated for a long time in the analytical work of statistical authorities. We must be resolute in freeing ourselves of all that. Economic analysis must be focused on the problems of carrying out the strategy of acceleration, the comprehensive intensification of social production, of achieving proportionality and balance in the economy, of monitoring the progress in fulfillment of national economic plans and nationwide and regional programs—all of the most important lines of the party's economic and social policy in the present stage. There has to be thorough statistical study of the process of acceleration of scientific-technical progress, restructuring of structural and investment policy, of the retooling and reconstruction of the productive plant, of the use of the economic potential in place, of the reform of economic management, of its results and its socioeconomic consequences. Particular attention should be paid to organizing systematic analysis of Soviet society's social development, above all implementation of the socialist principle of remuneration of labor according to its quality and quantity, the completeness of satisfaction of the demand of the public for goods and services, the solution of the housing problem, creation of an up-to-date and highly developed sphere for social and cultural services, activation of the human factor, and refinement of the socialist way of life.

In short, statisticians must focus constantly on the revolutionary tasks of socialist renewal being carried out by the party and government in all domains of the life of

society. This requires setting up regular statistical monitoring of these tasks, which in turn makes it necessary to radically improve the organization of the entire statistical effort, above all the analytical effort. A beginning has been made on this kind of restructuring. Statistical agencies have begun to prepare current reports more promptly on progress in fulfillment of state plans; the list of topics for economic analysis has been noticeably broadened and brought up-to-date; and a serious attitude has been gaining strength in following that topic plan. A new form of analytical materials has proven its viability—express information, a format that is now mainly used for presentation of statistical data appropriately processed and suitable for direct use in the system of state management.

But we have to go further. During the coming year major economic surveys reflecting the state of the economy, its sectors and regions, and solution of the most important problems of the national economy, written jointly with planning agencies, are to become part of the practice of statistical agencies. It is scale and broad coverage which the summarizations of economic statistics need a they never have before. The underlying processes of restructuring of the existing structures of the basis and superstructure of Soviet society must take on quantitative and qualitative definiteness in every respect as the cause-and-effect relations are revealed. Synthetic conceptualization of these processes and their reflection in analytical materials necessitate a significant strengthening of subdivisions for statistical summaries throughout the entire system of agencies in the state statistical system. They are called upon to become the organizers and principal performers of this analytical work, which in many respects is new to us.

These subdivisions must take a greater part than before in actually working up the summary description of progress in fulfillment of national economic plans, in working out conclusions concerning their drafts in the preplan stage, and in the drafting of major economic and social programs.

At the same time function-and-sector subdivisions must also furnish deeper economic analysis. The main thing here is to keep their hand on the pulse of the sector that is in their care, to know its condition and the course and trends of development at every moment, and to detect bottlenecks promptly. Only with this kind of statistical monitoring is it possible to talk seriously about the competence and professionalism of personnel, about a qualitatively new level of sectoral economic-statistical analysis they conduct. And in this case comprehensiveness and the systems approach have to be decisive in the description of sectoral problems.

The reports referred to as comprehensive are themselves in need of a different and fuller content. This means first of all the practical realization of the important methodological principle of the systems approach, which guarantees any problem that is the topic for comprehensive

economic analysis must be subjected to serious statistical study in the context of the close interrelationship of organizational and technological, physical and value, and economic and social aspects. Such reports are, of course, incompatible with triviality in choice of topic, with the study of irrelevant problems, and with stereotyped writing. A new approach also needs to be taken to the preparation of topic reports. The experience in issuing express information has shown how important it is to improve the promptness of presentation of analytical materials and to see that they are brief, "compressed." This needs to be fully realized in all the work of economic statistics, and particularly in current reports. It must become a rule to time the preparation of the necessary materials for the most important political event and with the everyday business of state and economic management and large-scale public measures.

The ever more extensive computerization of statistics is making it possible to decisively restructure the technology of analytical work. The creation of general and local data bases, direct access to them from the economist's work station, and the automation of computations of analytical indicators are making a great deal of time available for creative work and are making economic analysis richer. It could prove especially worthwhile to use computer technology for broad employment of the tools of mathematics in analytical computations, above all to compute relationships related to the functional dependence and correlation between factors and results.

The level of scientific methodology is balance work needs to be raised substantially, especially in composing national economic balances reflecting the most important economic proportions—balances of the social product and national income, the state's financial balance and balance of payments, balances of personal income and expenditure, balances of fixed capital, and balances of labor resources.

The Scientific Research Statistics Institute, which must truly become the sole center of scientific methodology for all of Soviet statistics and must be the leader in doing work on its theoretical and practical problems, above all those of economic-statistical analysis, is expected to play an important role in restructuring the analytical activity of statistical agencies.

Methodological Activity. Organizing reliable information support to meet the needs of state guidance of the economy is inseparably bound up with the constant improvement of statistical methodology in close linkage with the measures being taken toward radical reform of economic management. Creation of a unified statistical information system in the country is at the heart of this effort; that system is to be realized through statistical agencies and constitutes the totality of methodological, hardware, software, and organizational and economic solutions guaranteeing uninterrupted statistical monitoring of society's vital activity.

To that end there is above all a need for critical reassessment and resolute improvement of the system of statistical indicators, which are expected to measure all socially significant phenomena and processes in the appropriate quantitative terms. This means authentic realization of the systems approach to this important state effort. We can no longer put up with statistical information that is disconnected, fragmentary, cumbersome, and tardy. Step by step, the obstacles in the way of obtaining it have to be cleared one after the other and a scientifically sound statistics of Soviet society set up according to a single conception. Particular attention needs to be paid to the statistical measurement of the processes of acceleration of socioeconomic development, of the new quality of economic growth, and of the intensification and efficiency of social production. The discussion which has developed concerning these problems must culminate in the devising of the appropriate indicators that will become current in the national economy. Statisticians themselves must play a significant role here. A sharp change of direction is required toward quantitative indicators, it was pointed out at the June Plenum. To be specific, even in the very near future the decision has to be made to take up performance of the task of cutting the knot of "the gross" whatever it might cost, of creating analytical and performance indicators of a cost-fighting mechanism. Practice awaits a reliable measurement of the factors of intensive economic development, of its structural revamping and reconstruction, of untapped potential, and of the capabilities for further growth.

A fundamentally new approach to evaluating the economic performance of enterprises and associations on the basis of present-day conditions of management and economic activity and also to describing the progress and effectiveness of measures being conducted in that direction must be taken in the practice of statistical agencies in the very near future. We cannot fail to speak, then, about the need for broader combination of physical, labor, and value units of measurement, precisely in economic statistics, to guarantee the comprehensive study of the economy and balance between its physical and value proportions. This essentially increases the importance of financial statistics, whose restructuring must take place above all in the direction of setting up an integral system of value indicators reflecting the full totality of financial and economic relations, beginning with the primary units of the economy and ending with the all-union level.

It is well known that scientific-technical progress has immense importance in carrying out the strategy of acceleration. This is why there is a need to radically reevaluate the content and composition of reported indicators characterizing the development of science and technology, performance of the assignments in scientific-technical programs, and performance of basic and applied research. There is no other branch of statistics that has proved less well prepared to meet the demand of the times. The methodological apparatus it has at

present does not afford the possibility of answering many vital questions of scientific-technical progress, beginning with evaluation of the effectiveness of its organizational forms and ending with the final national economic results. That is why energetic efforts need to be made to overcome the lag that has occurred and to develop a well-structured system of indicators which comprehensively reflect the country's scientific-technical potential and its utilization all the most important lines of development of present-day science and technology. The success of this effort obviously depends greatly on how extensively scientists and practitioners become involved in it, not only those in the system of agencies in the state statistical system, but also those of the GKNT, the USSR Academy of Sciences, and ministries and departments. The need has also arisen for this field to be given organizational shape by setting up unified subdivisions specifically concerned with science and technical progress.

Social statistics is taking on particular relevance under present conditions, and this is directly related to the gradual democratization of Soviet society, expansion of openness, and the strengthening of the role of the human factor in building socialism. Radical restructuring of this field of statistics means above all creating an integrated system for statistical study of the social environment. It would be based on summary information concerning the population on the basis of all-union censuses, current statistics, and special social-demographic surveys. This would make it possible to introduce into statistical practice indicators which comprehensively reflect improvement of socialist production relations, social-class relations and interethnic relations, development of democracy and self-management, and implementation of the principle of social justice. The time has also come to create what is referred to as moral statistics, thereby guaranteeing regular statistical study of all social processes, including antisocial phenomena. In view of the immense scale of the task that has been set of creating a scientifically sound and integrated system of information concerning social development and the rise in the standard of living of the people, even during preparation for the upcoming All-Union Population Census of 1989 there is a need to make provision for indicators related to the conception of that system. There must also be the same kind of systems approach in current population statistics, as it organically develops the initial base of census data, bringing them up-to-date. To that same end there is a need to revise the organizational and methodological aspects of family budget statistics so as to substantially increase the network of families surveyed, to make them more fully representative of the union republics, economic regions, sectors of the economy, and social groups of the population. New opportunities for statistical study of social-demographic processes are being opened up by polls of public opinion which are being practiced ever more widely and in which appropriate organizations, educational institutions, scientific

institutions, and sociological staffs of enterprises are being allowed to become involved in jointly with the AUCCTU and USSR State Committee for Labor and Social Problems.

In view of the greater role and responsibility of local soviets of people's deputies, the problems of the methodology of regional statistics are by and large being posed in a new way. There is a need to develop a top-to-bottom system of statistical indicators of the economic and social development of the union and autonomous republics, krays, oblasts, rayons, and cities with varying degree of detail and aggregation so as to provide reliable and timely information for guidance of the economy at each of these levels. It is extremely important in this connection to make provision both for the completeness of the regional data as well as for unity in the methodology of structuring the indicators and for them to be comparable on the scale of the entire country. The forms of state reporting, programs for developing it, and the organization of flows of information and databases must also meet those requirements.

As the international division of labor develops and enterprises and associations become more broadly independent in this sphere, there is growing interest in international comparisons, and the need arises to centralize the statistics of foreign economic relations within statistical agencies. There is accordingly a need to standardize the system of pertinent statistical indicators, and the constructive experience of world statistics needs to be used for that purpose. In recent years there has been appreciable work on international value comparisons within the limits of the CEMA member countries. But possibilities also exist for statistical comparison on the scale of world economic relations. Why, for example, not introduce into Soviet statistical practice for these purposes the indicators of the gross national product and the broad measurement of national income within a single national economy? Questions have also accumulated concerning statistical reflection of direct foreign economic relations of enterprises which are trading partners, of economic competition between the socialist and capitalist systems, and of studying the world economy and lines of technical progress and the organization of production in foreign countries.

In keeping with the restructuring of management, planning, and the economic mechanism the entire system of state reporting in the economy needs to be improved and a constant effort made to optimize, reduce, and simplify it. Statistical authorities need to be vigorous in discovering indicators that are outdated and have lost their relevance and to eliminate them from the respective reporting forms and one-time records, censuses, and surveys. Experience shows that in spite of the sharp reduction of statistical reporting forms (which were reduced to half last year) they still contain quite a bit of superfluous and redundant information. This is especially characteristic of the information bases of sector

and regional ASU's. These documents need to be thoroughly analyzed in the light of the task that has been set, and enterprises and associations need to be freed of submitting superfluous data and all the reporting gathered and accumulated in these systems of management must be subject to reappraisal.

In connection with that effort there is a need during this very year to rework all instructions now in effect for compiling reports and to bring them into full conformity with the requirements of the new economic mechanism and the USSR Law on the State Enterprise (Association). It must be an unshakable rule that no instruction may infringe the legitimate rights of enterprises even to a small degree, and the number of these instructive materials must be sharply reduced. An effort needs to be made so that the instructions are brief and reach those for whom they are intended in good time. A similar effort to revise departmental records and reports must be made under the eye of statistical authorities.

Auditing Activity. Among the steps being taken to restructure the activity of statistical agencies an important place is occupied by the fight for the reliability and improved quality of statistical information. The auditing function is organically inherent in national economic accounting, which performs the role not only of a "supplier" of information, but also that of a means of regulating social processes. That is why it is no accident that the latter function is being developed to an ever greater degree within the system of statistical agencies. Now legislation has placed on them responsibility for coordinating the work of checking state reporting and of combating figure padding and deception at all levels of economic management.

This makes it a paramount task for all auditing agencies to cooperate in this effort. The coordination of plans for these audits even for the immediate future needs to be undertaken without delay, their number needs to be sharply reduced, their comprehensiveness strengthened, they should be done according to a regular schedule, and their effectiveness should be improved. In the stage of fulfilling these plans there is a need for more widespread practice of the joint participation of personnel of statistical, finance-and-credit, and other agencies in the audits of one and the same enterprises and organizations. If the audits turn up shortcomings, a persistent effort needs to be made to correct them and also to reimburse the loss incurred by the state and to punish the offenders. All of this requires cooperation with law enforcement agencies as well. It should be borne in mind that current legislation provides not only legal, but also economic levers in combating figure padding and deception. To be specific, in a case of unwarranted write-off of the value of fuel, energy, raw materials, and supplies, the illegal release of wages and bonuses, as well as other violations of state discipline, the loss incurred is to be reimbursed in the full amount.

In every case when distortion of reporting is established, statistical agencies have a right to issue binding orders to the relevant enterprises and organizations to make the necessary corrections. We would like to emphasize that this measure was first adopted in 1986 concerning omission from state reporting of construction projects activated out of order. This is a very vigorous means of making the audit more effective and of improving the quality of statistical information. That is why all justified corrections must be made immediately after the distortions have been discovered and must pertain to all interrelated reported indicators, and the relevant statistical publications must subsequently be revised as well.

At the same time, the orientation in the effort to guarantee the authenticity of reporting must turn to an ever greater degree toward preventive measures and strengthening economic methods of monitoring the end results of the activity of enterprises and organizations. Everywhere an atmosphere of universal intolerance toward distortion of reports needs to be created in work collectives, and such cases and the measures taken concerning them need to be widely discussed.

It should be borne in mind in this connection that managers of enterprises and organizations and other offenders are personally accountable for figure padding, deception, and other distortions of reporting and are subject to disciplinary, financial, or criminal responsibility.

That is why when such cases are discovered the specific offenders through whose fault they were committed must unfailingly be ascertained and discussed in work collectives. In a case of unjustified awarding of places and challenge Red Banners on the basis of the results of socialist competition, statistical authorities must see that they are taken away and must unfailingly advertise decisions concerning this matter. In the fight against figure padding and deception fuller use needs to be made of the mass media—the press, radio, and television. It can be confidently said that in the present stage all-out strengthening and broadening of openness and monitoring the authenticity of reported data constitute a mass movement in the 'mainstream of the fight against all kinds of embellishment of reality, ostentatiousness, and sensationalism and the fight to make the moral-psychological climate wholesome.

Detection of so-called unlawful reporting, interdicting the gathering of various types of information not envisaged by state reporting, is being established as an important direction in the auditing activity of statistical authorities. As this effort has become more vigorous, recently it has managed to calm down somewhat the flood of "paper" in the national economy. In 1986 more than 28,000 arbitrary reports were abolished amounting to a total of 34 million indicators on an annual basis. Nevertheless, in a number of ministries and departments and local management authorities this vicious and bureaucratic style of "paper" leadership has not been

eradicated; it substitutes paper-shuffling for actual deeds and it hampers development of enterprise initiative. This gives rise to the need to step up further the fight against this monstrous phenomenon and to constantly monitor the universal observance of reporting discipline. The unlawfulness of not only gathering illegal reports, but also of submitting them, has now been legislatively reinforced. It is categorically prohibited for all state management agencies and party, soviet, and public organizations to demand, and for enterprises and organizations to submit any sort of summaries and reports not envisaged by state reporting. It is the duty of statistical agencies to discover and abolish reporting which has not been duly approved.

When cases are discovered of unlawful reports being established, it should be more widespread practice to compute the loss inflicted, treating the funds spent for these purposes as a violation of state discipline, and the loss should be reimbursed by the offenders. This kind of auditing will be made more effective by the involvement of a broad aktiv of people's controllers and other personnel of associations, enterprises, and organizations, by regular publication of information about cases of proliferation of paperwork and the measures taken concerning them, as well as by return audits in order to bring the case to its completion once it has been opened.

It is part of the task of statistical agencies to inspect the way primary recordkeeping is set up in the economy, since this is the foundation of the entire system of national economic accounting. USSR ministries and departments and councils of ministers of union republics have been ordered to see that this area is improved at subordinate enterprises and organizations; to that end they must take the necessary steps to universally introduce standard accounting documentation, progressive accounting forms and methods, and mechanization and automation of accounting computations. At the same time audits are revealing numerous cases of the neglected state of primary, analytical, and synthetic accounting, a discrepancy between its data and the data of state reporting, departures from the uniform methodology and optimum organizational forms of accounting and reporting. All of this makes it necessary not only for statistical agencies to audit more closely, but also to extend practical assistance along with bodies for economic management so as to substantially improve the way accounting is set up. The VNIPluchet, which is expected to be the real methodological center for primary accounting and for its mechanization and automation, must be more actively involved in this effort. For their part statistical agencies should also strengthen their interaction with it and its branches, ensuring in a particular area unity of action in this important area of work. The entire process of guidance of accounting must be under their observation, beginning with the planning of the institution of standard forms and progressive methods of accounting and ending with hearing reports from the respective enterprises and their superior bodies concerning these matters.

An important target of observation is observance of report discipline in the economy, i.e., the procedure and deadlines for compiling and submitting the relevant state reporting forms. It will not be redundant if we emphasize once again the growing importance of making statistical information more up-to-date under present conditions; this is directly related to making reporting more orderly and reducing the time required for reports in all stages of their gathering, transmission, processing, and presentation to users. In an organic interrelationship with the measures to optimize primary recordkeeping, then, there must be a consistent acceleration of the accounting process, above all the monthly cycle, so as to guarantee that summary data are obtained immediately at the end of the reporting period. As for data on the particular areas of recordkeeping (by and large in physical units of measurement), there are no unconquerable obstacles to their being submitted by the dates set for internal document turnover, i.e., for all practical purposes on a daily basis. The objective prerequisites for making recordkeeping more up-to-date are being created as accounting and computational operations are mechanized and automated. It is from these positions of the comprehensive approach that the effort must also be made to strengthen reporting discipline at all levels of economic management.

Public Information Activity. In keeping with the principles of the 27th party congress and the January (1987) Plenum of the CPSU Central Committee, further improvement of the level of public information is one of the most important tasks of statistical authorities on behalf of broadening openness in every way and developing socialist democracy. The need to broaden the limits of publishability of statistical materials was discussed at the June Plenum. We cannot but remark: for long years this aspect of statistical activity was not paid due importance, and along with the other well-known oversights this had an adverse effect on popularization of the advances of the socialist economy and the socialist way of life. The situation that came about proved to be favorable for bourgeois counterpropaganda, and "sociologists" and other ideological adversaries were not long in taking advantage of it, resorting to numerous attacks and insinuations against our country. Even now, when there has been a noticeable broadening of statistical publications and an improvement of their quality, Western analysts are looking for "contradictions" in specific figures, attempting to cast a shadow over the confident start that has been made in carrying out the strategy of accelerating the country's socioeconomic development.

That is why the task is being set of substantially broadening openness of statistical information to public scrutiny and, guided by Lenin's instruction to bring statistics to the masses, of invigorating the public information activity of statistical agencies. As is well known, work has begun in that direction. A new type of day-to-day information communication has been introduced—the

press release, which is intended for newspapers, magazines, radio broadcasts, television, and other mass media. These press releases furnish data characterizing progress in fulfilling the State Plan for Economic and Social Development of the USSR, the condition of sectors and regions, particular aspects of the life of society, international comparisons, and other official data of state statistics. Provision has been made to keep up regularly published statistical yearbooks: a number of additional pieces of information not published previously are being included in them. Quarterly and annual reports on the operation of the economy have been expanded, and there has been a noticeable increase in the publication of statistical materials in the journal *Vestnik Statistiki*. At this point we need to not only consolidate these constructive developments, but also decisively improve the diverse methods of informing the public about economic development and about changes in the country's economic and social life.

There is a need to broaden the practice of organizing press releases so that the mass media might make vigorous use of them in day-to-day coverage of progress in fulfillment of plans for economic and social development and in restructuring in all spheres of the life of society. There is a need to organize the regular publication of statistical collections on the principal sectors of the economy, union republics, krais, and oblasts, as well as special-topic studies on the most important economic and social problems. There is a need for far better supply of statistical materials to scientific research organizations and higher educational institutions. This is an important condition for increasing the effectiveness of social research, especially in the field of economics. It must become part of the practice of statistical agencies to hold regular press conferences for Soviet and foreign journalists, to appear in the press and on radio and television, and to meet with work collectives, propagandists, and public.

An information and publications center is being created within the system of statistical agencies to perform this crucial work; it is being made responsible for publishing statistical materials, for providing them to the mass media and to scientific and educational institutions, to hold press conferences, and to perform other measures. This center is to become the organizing link in the entire ramified public information activity in the field of statistics, and it is accordingly extremely important that its functioning meet that requirement from the very beginning. Since it will be operating on the principles of cost accounting, there is a need to devise and create in the very near future the proper normative support governing the planning, financing, pricing, and economic stimulation of its activity. It is suitable to mention that under those conditions the possibility arises of pursuing the principle of payment for statistical information, which has already been repeatedly proposed.

The work of the journal *Vestnik Statistiki* needs to be raised to a qualitatively new level; it needs to broaden its publication of material on the problems of the country's

economic and social development and on the theoretical and practical problems of statistics, to cover more fully the progressive know-how in the activity of statistical agencies, and to engage major scientists, managers in the economy, and specialists to appear in its pages. The journal's editorial collegium and editors need to consistently see that the articles published are topical and effective and they also need to increase their role in solving the ramified problems facing statistical authorities under present-day conditions of Soviet society's development.

One of the directions for expansion of the openness of statistics that has great importance is the regular conduct of polls of the Soviet public on topical socioeconomic problems, which should be conducive to more active involvement of the workers in the process of restructuring, in management of the affairs of the state, and in development of self-management at enterprises and organizations. That is why it is very important to lay a reliable methodological foundation that makes it possible to discover in good time and from a sufficiently representative sample their opinions on solving the specific problems in the life of society, to summarize those opinions and to make them known to the broad masses.

The statistical recordkeeping community should be considerably more extensively involved in the business of statistics than it has been up to now. To that end plans call for creating everywhere in association with statistical agencies councils of voluntary state statistical inspectors from among representatives of the respective staff services of ministries, departments, associations, enterprises, and organizations, and the membership of these councils would be approved by ispolkoms of soviets of people's deputies. It is through these voluntary formations that the openness of all statistical activity and above all auditing activity should be considerably broadened, examinations and inspections should be made regularly through joint efforts, their results should be discussed, and measures should be prepared and taken concerning them.

Economic and Financial Activity. Quite a bit of experience has been gained in the system of statistical agencies under the conditions of cost accounting, which now makes it possible to make the transition to its universal spread in basic units—at the rayon and oblast (krai) levels. As creation of the uniform organizational forms is completed—the administrations and departments for statistics, respectively—a favorable opportunity is presented for successful performance both of statistical work proper and also of information and computational work. Within the limits of a single work collective it is possible to maneuver the available resources to cover "peak" periods, including if necessary the gathering and processing of reports, the conduct of inspections, the preparation of analytical materials, the creation of databases, and so on. At the same time the uniform conditions for remuneration of labor and economic incentives

guarantee a healthy moral and psychological climate and provide motivation for creative rivalry and effective functioning of the entire system of statistical agencies. As is well known, by a decision of the Commission for Improvement of Management, Planning, and the Economic Mechanism dated 12 March 1987 computational organizations in the system of state statistics have been converted to the new economic conditions, which are completely applicable to the unified cost-accounting statistical agencies, to which the effect of the USSR Law on the State Enterprise (Association) has been extended. Consequently, there is a substantial increase in the role, responsibility, and initiative of the work collectives of these agencies in solving the problems of production and management, in drafting and carrying out plans, and in improving the conditions of remuneration and the living conditions of personnel (by analogy with the rights of the state enterprise). By way of indicators and ceilings superior authorities assign to them the plan of statistical operations and the list of other jobs to be done, the volume of information and computational work in terms of the value at which it is released, the basic assignments of scientific-technical programs concerning application of new technology and introduction of new technological processes in the processing of information, the rise of labor productivity, cost per ruble of information and computational work, profit, limits of centralized state capital investments and construction and installation work, the activation of fixed capital and production capacities, the limits (allocations) of principal material and technical resources, the limits on the number of workers and employees, and the following are also assigned in 5-year plans: the economic rates of the charge on productive capital, deductions from computed profit to the reserve fund, the growth of the wage fund for every percentage point of growth of the volume of information and computational work, formation of the fund for development of production, science, and technology, the growth of the fund for social welfare and cultural programs and housing construction, the growth of the material incentive fund, the standard ratio between the growth of the average wage and the growth of labor productivity. All questions of economic and financial activity are settled directly by the work collectives, including use of economic incentive funds, wages, supplements, and premiums.

In combination with the measures for retooling and organizational reinforcement of statistical agencies that are invoked on a centralized basis, the present conditions for the conduct of economic activity are opening up broad prospects for consistent improvement of their work and for an increase in its effectiveness. Here as never before the role of the human factor is rising. An interrelated set of measures needs to be taken to correct shortcomings in the work with personnel, to improve their selection, assignment, and training, to staff statistical agencies with highly qualified specialists, and to create the necessary working and living conditions for them. There needs to be broader training of personnel with postsecondary qualifications in accounting and

statistical specialties so that they combine a high level of political-economic education with thorough knowledge in the field of the concrete economy, present-day computers, and the technology for processing statistical information. The MIPK for accounting and statistics and its branches must become seriously involved in the effort to constantly improve the qualifications of personnel and to improve their professional training.

The CPSU Central Committee and USSR Council of Ministers have now prepared a proposal to transform the USSR CSA into the union-republic USSR State Committee for Statistics. "We hope," N. I. Ryzhkov, chairman of the USSR Council of Ministers, said in the Seventh Session of the USSR Supreme Soviet, "that this will help to improve the work of statistics in the country."

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PLANNING, PLAN IMPLEMENTATION

Gosplan Officials Interviewed on Planning Reorganization

Planning Restructuring Within Gosplan

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[Interview by A. Nikitin, PRAVDA special correspondent, of USSR Gosplan Deputy Chairman L. B. Vid: "A Restructuring of Planning—The Role and Tasks of the Central Economic Organs under New Management Conditions"]

[Text] *The CPSU Central Committee and the USSR Council of Ministers has adopted a decree on restructuring planning and raising the role of USSR Gosplan under the new management conditions. USSR Gosplan Deputy Director L.B. Vid answers the questions of PRAVDA special correspondent A. Nikitin on the problems of a radical restructuring of the whole planning system.*

[Question] Serious critical observations were made in the direction of USSR Gosplan and the system of centralized planning extant in the country at the June Plenum of the CPSU Central Committee. How is Gosplan eliminating these shortcomings, and how is it being restructured overall?

[Answer] I think everyone understands that planning the economic development of a country such as ours with its enormous productive potential, rich natural resources, enormous spaces and multi-national composition of the population is an extremely difficult task. It is thus impossible to restructure something in economic management without changing something else. Since planning is a system, and a complex one at that, restructuring affects all of its interconnected cells and links.

The restructuring of planning has begun in our system of plans. For example, whereas for this year USSR Gosplan has developed balance sheets and distributed in centralized fashion various material resources of 2,117 types, for next year we will only do 415. The remaining have been taken on by USSR Gosstab. Direct access is being opened up for the development of wholesale trade in capital goods. This could not have been done by Gosplan, which retains as before an enormous range of balance sheets in its hands from nuclear reactors to railroad spikes and traffic lights.

The practice of restructuring is moving forward and is gathering momentum namely based on its systematic nature, where everything is interconnected, where the partners on the left and right understand and also strive forward according to a program coordinated with the others. But the old is fighting the new.

[Question] How is the plan being formulated specifically today, in the face of the transition of enterprises to principles of full economic accountability (khozrashchet) and self-financing?

[Answer] The draft of the State Plan for the Economic and Social Development of the country for next year, whose preparation has been completed by USSR Gosplan as of August 1, was developed in a fundamentally new structure. I would say that 1988 is the first year in which the radical restructuring of the management of the national economy is acquiring a broad-scale and comprehensive nature. At the same time, the year is also distinctive in that there still remain many labor collectives that are working under the old conditions. Two types of economic relations will thus still be in effect in the national economy that will be closely intertwined with each other. This requires that the structure of the plan and the composition and status of its indicators take into account the rights of enterprises and associations that have converted to full economic accountability, and at the same time be suitable for those that are still working under the old conditions.

The essence of the new approach to the plan consists of the fact that it has been freed of all indicators of secondary importance for the national-economic level. The plan consists of sections that clearly define the rates, proportions and priorities of economic development, as well as foreign-economic ties and a strong social policy. All of this is coordinated at the level of the national economy. In passing the plan along to the union ministries and departments, the councils of ministers of the union republics and the labor collectives, all sections of the plan will begin to operate in accordance with the Enterprise Law.

The first section of the plan includes the most important overall economic indicators, national-economic and social balance sheets, which sets the tone for the formation of the whole state plan and characterizes the tasks of the economy overall in both territorial and comprehensive breakdowns. They are not passed along to the ministries and enterprises.

Taking into account that the work of enterprises on principles of full economic accountability is accomplished under conditions of an approved five-year plan, the second section of the draft brings together all of the economic indicators that the Enterprise Law stipulates as control figures. These indicators are passed along to the ministries and enterprises only as base data for developing their own plans.

The next, third section of the plan includes the state order, which is directed through the ministries and departments of the USSR and the councils of ministers of the union republics to the enterprises in accordance with the provisions of the Law.

[Question] This is being done just for the first time?

[Answer] Yes. The composition of the state order has been formulated by USSR Gosplan in conjunction with the ministries for the first time. It includes deliveries and procurements of the most important types of industrial and agricultural products and the operations of transport. Particular emphasis is placed on indicators of social development and raising the standard of living of the people. The state order further reflects targets for the placement into operation of the most important productive capacity and social facilities through centralized state capital investments.

The formulation of this order within the State Plan for 1988 has made it possible to reduce the amount of product-range production indicators being approved and passed along to the enterprises by over 3.5 times compared to the plan for this year. And this is just the beginning.

[Question] What was the first reaction to these reductions?

[Answer] We thought that the representatives of the ministries and departments would be glad that a broad expanse had finally opened up for the independent resolution of tasks and the free choice of both product types and customers. It was namely here that we broke a lance in recent years. But instead of welcoming the free choice of partners, a number of them began to demand maximum increases in the amount of the state order.

[Question] How is it that they were able to fend off the state targets before, and today they want them bigger?

[Answer] The state order, as opposed to the former directive targets, and especially in the machining industries, comprises an average of 50-70 percent of total production volume. And the greater portion of capacity is still single-product extraction enterprises like, say, gas, oil and coal enterprises. Practical work is still illuminating much on this issue. For example, there will be enterprises to which the state order does not extend at all. And they, on the basis of operational economic

contracts, will formulate their own program for themselves. And there will probably be overloads somewhere. Especially on the leading and high-prestige enterprises that produce highly efficient products that are sometimes in short supply.

The concerted joint work of all echelons of management is needed so as to create conditions for every labor collective to earn a high profit-and-loss income. Organizational conditions should be created first and foremost where the collective itself is struggling, figuratively speaking, to bring a balance to every corner of its program. As for the immediate work itself, it is forbidden to interfere in it as before, it is prohibited by the Law. And here, as they say, there can be no questions.

[Question] Today the majority of operational economic issues are resolved at the enterprises. How, under these conditions, does USSR Gosplan perceive the necessity of improving centralized planning?

[Answer] Until quite recently there was the erroneous opinion that the power of planning was in the approval of an enormous quantity of indicators and targets from the center. They would say that the most important thing was to put everything into the state plan, right down to shoelaces and shoe polish. And then, they say, everything will be in abundance.

For many long years, many economists have searched for a summary indicator or system of indicators that, like the thinking of medieval alchemists, would fulfill the role of such a conventional "Midas" (economic) "touch." Just give orders from the center and everything is turned into gold. But that didn't happen. To my mind, objective reality has become another, truly "Midas" touch." Not inanimate or directive indicators, but rather the universal development of the effect of the human factor, cultivation of a feeling of responsible ownership of production, a complete end to leveling and independence of enterprises in making economic decisions. This is the new mechanism of economic operation in general.

Only as a result of the effect of this mechanism will USSR Gosplan be ultimately able to concentrate on formulating the chief national-economic indicators, the selection of priorities and the solution of major social problems. It is namely for this ideology of planning, and not "soup to nuts"—petty details—that USSR Gosplan was created in its time. We see in this the chief way to improving centralized planning.

[Question] Are there any guarantees that the proportions and rates defined by USSR Gosplan will be observed at the national-economic level in the face of a limited number of directive and other indicators?

[Answer] This question troubles many specialists, and first and foremost administrators. The guarantee of a unity of efforts and the unification of the interests of the state and the labor collectives is first and foremost the

Enterprise Law, and in regard to planning activity, the system of economic standards for long-term activity, the state order. Economic indicators herein—the base data for the development of plans—orient the collectives, under what conditions they will have a guaranteed stable economic situation. This is very important today. Under market conditions, after all, the enterprises will see the zone of their economic stability only after they sell their output. Socialist money-exchange relations allow the enterprises, as early as at the stage of preparing for operations, to obtain well-defined economic reference points in advance for organizing their activity in the future.

Such a system of standards, state orders and limits guarantees the essential degree of operational economic independence for enterprises and, at the same time, a direct link with the targets of the state for a specific time period. Much undoubtedly remains to be done to improve this system. But it is already clear today that we have an Enterprise Law and a new mechanism of economic operation that has been verified on a broad scale that takes into account the interests of the state, the enterprise and every worker. The loss by the center of an enormous quantity of planning indicators and targets that are secondary to the national-economic level is thus not a loss, but sooner... a find that today allows every level of administration to resolve the planning problems characteristic of it in objective fashion.

[Question] What is projected for the expansion of glasnost in planning?

[Answer] This is to a considerable extent a new task for USSR Gosplan. It cannot be said that there was no glasnost at all in planning in prior years. But glasnost began in the concluding stages—in the discussion of an already prepared plan for economic and social development of the country at the USSR Council of Ministers, the commissions of the USSR Supreme Soviet and at sessions that took up the State Plan Law. This system of glasnost has served its time. But it still operates in the concluding stages, when the plan is brought to the highest level.

An overall system for democratizing planning is thus needed. It should operate beginning from the enterprise, association and organization level, since they themselves now approve their own plans. And they must be discussed in detail in the labor collectives, since it is a matter of the operational life of the collective, wages, social development and state orders.

When speaking of the ministries and USSR Gosplan, to my mind, it is necessary to put into practice first of all the widespread nationwide discussion of the most major issues of socio-economic development that touch on the interests of the country overall along with the republics, sectors and the region. Large-scale scientific, technical, social and economic programs on which a great deal of funds will be expended are in need of open discussion.

Today USSR Gosplan, in conjunction with the GKNT [State Committee for Science and Technology], the USSR Academy of Sciences and central economic organs, is developing the concepts for the economic and social development of the country for the upcoming 15 years. This will make it possible to uncover the most important specific problems that will affect the interests of the broad masses. And, of course, it is essential to bring the most significant of these forward for nationwide discussion. We will take up such topical issues as the restructuring of health care, the qualitative improvement of food supply, improving pension support, the basic provisions of pricing reform and others.

It is impossible to make decisions and envisage the expenditure of extremely significant centralized resources in the plans (not to mention the resources of enterprises) without the broad discussion of such problems. The party has condemned the practice of resolving such issues in camera. Everything that the country can do today, tomorrow and later must be considered competently, raised analytically and spoken of openly. Then our future plans will have nationwide opinion behind them rather than being the product of individual, albeit skilled, planning organs that are not able to encompass the life of the country and society in all of its manifestations.

Glasnost and the profound and comprehensive discussion of major national-economic problems ensures the essential constant link between the center and the people. Any system can be vital only on the principles of a reciprocal link. Only such a system guarantees us against major errors, and without it USSR Gosplan cannot operate under the new conditions.

[Question] The so-called "residual method" for planning the development of the material base of the social and cultural sphere was subjected to sharp criticism at the 27th Party Congress. What principles will define the attitude of USSR Gosplan and the other management organs toward problems of social development in the future?

[Answer] It is a fundamental issue. The congress shoved this issue from its dead standstill and imparted the necessary impetus to it. But the system should be in operation today, so that after 1990 the resolution of social problems will continue to gather the necessary momentum.

People must be fully provided with housing, hospitals, schools, kindergartens, clubs and other facilities in the non-production sphere. USSR Gosplan will be based on new social standards in this work. They will be developed on the basis of principles of a fair social policy that should permeate the planning, construction and design of new technology. A powerful and clearly affirmed planning-standards system that is compulsory for all levels of management is being created.

[Question] An Economic Council has been formed by the decree on the restructuring of planning. What is this organ and and roughly what is the sphere of its activity?

[Answer] The organization of this council under the conditions of the formation of a new integral system of management of the national economy on the basis of economic methods instead of administrative ones is objectively essential. A unified policy of planning, material and technical supply, price formation, finances, wages, money circulation and credit must be devised and brought to life in a coordinated manner. Under these conditions, the coordination of activity acquires extreme importance. Proceeding from the functions of this council, its composition will include executives from all of the central economic organs.

In conclusion I would like to note that we are restructuring on the go. We have many of our own intrinsic difficulties: many at USSR Gosplan still look at life through the departmental grid of schedule-squares, while it is long since time to crawl out from behind it. I am certain that the requirement of the party to begin with oneself and one's own way of thinking is a most important condition of restructuring.

In the struggle of the new against the old, the workers in the planning area of restructuring are learning to operate actively and competently and to penetrate deeply to the essence of the processes that are transpiring. But there can be errors in such a complex matter that must be eliminated on the move. And herein we are assisted in our work by the theory of M.S. Gorbachev, who says that we can err in the new cause, but the main thing is not to stand still, not to wait. Thus, in actively restructuring planning, we are carefully analyzing all of our actions, so that where necessary we can quickly correct errors and accelerate the restructuring of the management of the socialist economy.

Changes in Planning Philosophy

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[Interview by V. Romanyuk and Yu. Rytov of USSR Gosplan First Deputy Chairman Anatoliy Antonovich Reut under the rubric "Economic Departments in Economic Reform": "Restructuring and Planning—USSR Gosplan First Deputy Chairman A. Reut Answers the Questions of IZVESTIYA Correspondents"]

[Text] We dropped in on Anatoliy Antonovich Reut as he was preparing a report for a session of the Presidium of the USSR Council of Ministers. What was the issue? A consideration of measures to halt the pollution of the Lake Ladoga basin. An important question, of course, but why, we wondered, one for USSR Gosplan?

"Unfortunately, it is impossible to escape on-going operational concerns," noted our interlocutor. "The phrase 'USSR Gosplan is charged with...' has become as customary as criticism directed at us. Take Lake Ladoga. The program touches on 230 facilities, and directed planning must be stipulated for each one. Here, if you please: the Vozrozhdeniye Sovkhoz. The erection of cleaning structures is envisaged to clean the waste water that comes from the sanitary system... with a capacity of 0.4 cubic meters a day. It has been decided to build a warehouse for fuels and lubricants with an estimated cost of 40,000 rubles at the Velikolukskiy Electrical Ceramics Plant..."

"In the eagerness of some ministries and departments to 'slip' a series of such operational economic projects through Gosplan, an inertia of operational thinking is manifesting itself more and more appreciably. It is more reliable that way, they say. Not long ago, for example, USSR Mintorg [Ministry of Trade] complained to us that we are not planning nails by length and diameter for Minchermet [Ministry of Ferrous Metallurgy] and thus, they say, they are shipping them too large and and only packed in casks. They had to be reminded that they today have the opportunity of concluding a mutually beneficial contract with the metallurgists that would stipulate everything."

[Question] Anatoliy Antonovich, USSR Gosplan was often criticized for planning miscalculations, disproportions that arose, imbalances in the economy and a passion for dispatcher functions. Its functions today are changing—as the highest scientific and economic staff of the country. How will the new Gosplan look? What is the "philosophy" of the statewide plan under the new conditions?

[Answer] In reality, for many years the activity of USSR Gosplan has been concentrated principally on the preparation of yearly plans—with an insufficient depth of study of the five-year plans, especially in the development of intersector contacts, the realization of major structural shifts in economics and and the disposition of productive forces. On the other hand, the excessive planning regulation of the operational economic activity of enterprises had no impact. After all, the product range of industry and agriculture today exceeds 24 million types of products. Can we determine what is produced by whom in what volumes and at what cost through directive and dedicated targets? Naturally, such targets sinned with many errors. A situation became widespread wherein enterprises that fulfilled the targets assigned to them well nonetheless produced items that largely did not correspond to the demands of the consumer. And we need not even speak of the "expenditures" flywheel. Squandering resources, the enterprises ratcheted up the wholesale prices for products. And the question "what does it cost?" did not trouble the customers.

The plan is a tool for the harmonious development of the national economy and an incentive for the self-development of enterprises. Planning should take on a fundamentally different quality. On the one hand, it is called

upon to define future strategy and the principal priorities and goals of socio-economic development and, on the other, to ensure the optimal combination of centralized principles with the independence of enterprises. This is what, in my opinion, the new "philosophy" of statewide planning consists of.

[Question] How should this "philosophy" be incarnated in practical matters?

[Answer] The basis is long-term scientific and technical programs and concepts of the economic and social development of the country for the upcoming five-year plan. It should contain a set of development priorities and define the directions of structural and investment policy, scientific and technical progress and the boundaries of social development. It will naturally also include tasks in the development of educational and cultural potential and the maintenance of the country's defense capability.

The Fundamental Areas of Economic and Social Development of the USSR for fifteen years with expanded substantiation for the first five years will be developed on this foundation. The most important indicators that typify the results, proportions and efficiency of the national economy are in turn included in the State Five-Year Plan. The draft will take into account, on the one hand, the proposals of the ministries and departments, in which the requirements of the enterprises are summarized, and on the other hand, those of the union republics. As for the enterprises, they, as is well known, will begin developing an optimal version of the plan on their own. And this is, without exaggeration, the central element of the restructuring of planning.

The enterprise will receive just four groups of base data "from above" for the development of its own production program: control figures, long-term stable economic standards, state orders and limits. The purpose of these indicators is to ensure balance in the statewide plan and to realize the proportions envisaged in it. In accordance with the base data, as well as the direct orders of customers and the organs of material and technical supply, the enterprises will conclude operational contracts and formulate their own plans. From then on they will have to conquer the market themselves, or else they will not even earn their wages.

[Question] So we can thus truly speak of the democratization of planning?

[Answer] Undoubtedly. We link this democratization first and foremost with the development of direct ties among manufacturers and consumers and organizations in the wholesale trade of capital goods (60-70 percent of the product range of these items will be transferred to them). This same wholesale trade will open up possibilities for the production of machinery and assemblies on a competitive basis. Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building] used to operate

according to an allocations schedule: the equipment was distributed among the farms. They took any piece of machinery—after all, one doesn't look a gift horse in the mouth—and correspondingly operated it. Today, when economic accountability (khozrashchet) has begun to be incorporated, people have begun to think about money and costs. And they have rejected grain and hay combines and tractors. Industrial enterprises are rejecting unnecessary machine tools. And as soon as equipment starts to make a loss, the producers begin to be engaged in improving it in earnest and organizing the output of other items that are needed.

[Question] The State Enterprise Law states clearly that limits are established for centralized state capital investment, construction and installation work and material and technical resources. But there is a question here: what about enterprises that have begun to earn considerable funds and would like to make more active use of them to develop production? Where will they get cement, metal products, facing slabs and the rest?

[Answer] Restructuring, as is well known, is being implemented on the go during the five-year plan. Today the majority of the materials are distributed in the five-year plan. We can only add to that from production beyond the plan or through the economy of resources. In the draft plan for 1988, for example, we have increased the limits for equipment, transport and construction equipment by 300 million rubles for USSR Minavtoprom [Ministry of the Automotive Industry], since the enterprises of this sector are already operating under conditions of full economic accountability and self-financing and have provided for a rise in the quality of output, as well as output beyond the plan, through growth in the efficiency of production.

The enterprises have now obtained the right to develop estimated planning documentation for technical retooling and reconstruction, as well as construction in the social sphere. They should be provided with material resources for these purposes primarily through the territorial organs of USSR Gosstab. I think that in the 13th Five-Year Plan—with the widespread organization of wholesale trade in capital goods and various building materials—we will be able to provide enterprises with everything necessary for them to have the opportunity of engaging in technical retooling without limitations and to resolve their own social problems.

During my own tenure as the director of the Minsk Computer Plant imeni S. Ordzhonikidze, I went for a somewhat "bold step"—I built a preventive clinic using social and cultural funds. For two years the bank did not recognize the "legality" of this sort of funds utilization. We had the money itself, but not the right. Today the rights of enterprises are being expanded, and we are trying to support their initiatives in the construction of social facilities, especially those that are constructed using local building materials.

[Question] We have become accustomed to the fact that USSR Gosplan has included a multitude of indicators in the plan in directive fashion, but today we must convert to primarily economic methods of operation.

[Answer] Gosplan has the least vested interest of all in preserving directive methods. Our directive is the state order and the observance of sector proportions. It is reinforced with economic incentives, including guaranteed sales and resource sufficiency.

Purposeful work is being carried at USSR Gosplan to reconsider and considerably reduce the various standard documents in effect, which earlier had largely limited the rights and independence of enterprises and associations, as well as the Soviets of People's Deputies. Today, out of some 680 standard documents that were in effect, 432 have been abolished and 36 have been elaborated (or 70 percent of the overall amount). Along with this, USSR Gosplan, along with other central economic organs, has developed, and the Commission for the Improvement of Management, Planning and the Mechanism of Economic Operation has approved, 50 standard documents on planning, finance, credit and other spheres of economic management that are called upon in practice to ensure the realization and profound development of principles of full economic accountability and self-financing at industrial enterprises.

Earlier we put everything into the plan down to the last machine tool. Today the state order numbers only one and a half thousand indicators, and they will decrease with each passing year. It is namely the state order that is becoming the principal tool for monitoring the observance of the most important national-economic indicators.

[Question] But won't the state order turn into a variety of the former state plan handed down under directive procedures? It is no accident that executives are expressing the suggestion to establish a limit value for the state order (from half to two thirds of production volume). What is the position of Gosplan on this issue?

[Answer] Our position is synonymous: the state order should correspond fully to the purpose that was imparted to it by the USSR Enterprise Law and the Fundamental Provisions for a Radical Restructuring of Economic Management. This approach has already made it possible to reduce the number of indicators in the 1988 draft plan by 3.5 times. Of course, these are just the centrally approved state orders. There will also be state orders by the ministries and the councils of ministers of the union republics. Their product range will also be strictly limited and coordinated with USSR Gosplan. It is a very important point: the ministries can place state orders on a competitive basis.

The development of the draft plan for next year has shown that the state order can actually encompass from half to two thirds of production volume in the machining

sectors, and somewhat more in the raw-material, fuel and power sectors. A third to a half of the production volume of the enterprises will thus be formulated independently.

[Question] Nonetheless, the devotion of the planning organs to a multitude of indicators handed down, to the "gross," to directive pressure, is well known. Do you feel that USSR Gosplan has already surmounted these shortcomings?

[Answer] In recent years we have done much work to overcome the "gross" approach to planning and evaluating operational economic activity. Look at the figures. Whereas in the 1986 plan about 43,000 indicators were approved in centralized fashion, this year it is about 22,000, and the draft plan for 1988 envisages just 8,000 indicators in all.

[Question] Quite a few...

[Answer] Yes, more than a few, although you should take into account that the discussion concerns the whole national economy. We will further reduce the number of indicators in the future as well. But there is another side to the coin as well. The consumers, to my mind, are still not ready for this. The majority of them are used to getting their targets from above, so that there was then someone to shift the responsibility onto. Nonetheless, the reduction that has already been done visibly refutes the stereotypical depiction of our devotion to multiplying directive indicators.

The elimination of the indicators for the volume of commodity output in comparable prices and its growth rate from the approved indicators has also helped in surmounting the "gross" approach to planning. Although, and I emphasize, it was not a simple matter. The ministries, and especially the local organs, are trying to make requests for this indicator as before. When the Enterprise Law went into effect, such pressure is legally prohibited.

And, finally, beginning this year we are evaluating the growth rates for the most important indicators not according to the facts, but according to the plan for the preceding year. This makes it possible to overcome the effect of the so-called "base" and to open up space for initiative and the utilization of reserves. Today readings are taken not on what has been achieved, but on the plan targets of the five-year plan for the given period. Proceeding from stable standards, the enterprise itself plans its operations without fearing to reveal reserves. It is typical that many are already reaching the level for the end of 1988 in the growth rates of production and labor productivity.

[Question] The June Plenum has posed anew the question of control figures. They should not be of a directive nature today.

[Answer] Control figures are base data for the development of enterprise plans. This is necessary to orient them toward those working conditions under which they will have a stable economic situation and, this means, the essential material stimulation. The enterprises, of course, may deviate from the control figures. This is their right. But they also have responsibility. Such a step is connected with the risk of economic instability, and the labor collective should take this into account in discussing the plan.

[Question] Anatoliy Antonovich, self-financing and full economic accountability are already becoming actual practice. Why are so many disputes caused by the procedure for formulating long-term standards? Or are flaws in the methodology itself having an effect? We speak of the necessity of a scientific approach, but we continue to calculate standards based on the plan targets for the five-year plan. In the end, the cost mechanism continues to "rule the roost."

[Answer] The point is that the enterprises and sectors are converting to full economic accountability and self-financing, while the plan for the five years has already been approved. The principal task of standards under these conditions is to ensure the extant level of economic operations at a minimum for all. At the same time they, it could be said, unbind the labor collectives and guarantee for them the receipt of additional incentives with more efficient operations.

I thus do not agree with your opinion that the cost mechanism continues to "rule the roost" today, in the transition to self-financing. I repeat that the stability of the standards to the end of the five-year plan guarantees every enterprise that a certain standard share of the economy of expenditures or any additional economy will remain at the disposal of the collective.

[Question] Over the course of many years, many unsuccessful attempts have been made to ensure the combination of sector and territorial interests in economic development. Management was accomplished either through the sovnarkhoz or through the sectors and ministries. How will this problem be solved in the process of restructuring the management system?

[Answer] Much has already been done in this direction. In particular, the enterprises, regardless of departmental affiliation, must coordinate their plans with the local soviets in the area of social development, the use of labor resources, the production of consumer goods, the development of paid services and the protection of the environment. All of these issues should also be reflected in the comprehensive plans for the socio-economic development of the union republics. The creation of production and economic main administrations in the krais and oblasts with broad tasks in coordinating the activity of the enterprises and associations on its territory is

envisaged. The system of deductions from profits to the local budget therein will give the territorial organs a vested interest in raising the efficiency of enterprise operation.

Furthermore, one of the most important directions in the work of USSR Gosplan is preparing long-term comprehensive programs for the development of the most important regions of the country. One such program—for the Far-East Economic Region and Transbaykal—was recently approved by the Politburo of the CPSU Central Committee. Another—for the development of the productive forces of Central Asia and Kazakhstan—is being considered in the government. The major tasks posed in the programs will be realized in the five-year plans.

[Question] If the substance of the work of USSR Gosplan is qualitatively changing, its structure should also be improved...

[Answer] It should. The structure of USSR Gosplan is now being reconsidered. The role of composite socio-economic, scientific-and-technical and territorial subdivisions is being materially increased. We should discard a narrow sector thrust in the work of the apparatus. The sector departments know well the situation in the localities, but in many cases they are held captive to narrow departmental interests.

[Question] And what now then—will they be liquidated?

[Answer] To a considerable extent, yes. Take the machine-building complex. Instead of sector departments, a composite subdivision for economic planning, scientific and technical progress and the development of machine building will be created. This relates to other sectors as well. We project a substantial decrease in headcount in the apparatus. Overall, it should be stated that for USSR Gosplan, restructuring is not an easy matter. It is proceeding simultaneously with work on the plan for 1988, the Concepts for the Economic and Social Development of the National Economy of the Country to the Year 2005 and the conversion of sectors of the national economy to economic accountability.

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INVESTMENT, PRICES, BUDGET, FINANCE

Role of Profits, Norms in Economic Restructuring Weighed

Profit Favored as Indicator

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in Russian No. 34, Aug 87 p 8

[Article by G. Bazarova, deputy director of the Scientific Research Financial Institute, doctor of economic sciences and professor: "Profit: Its Role in Management of Production"]

[Text] The profound transformation of the entire mechanism for management of the economy on behalf of fuller manifestation of the capabilities of the socialist

mode of production is based on economic theory and at the same time is intensifying the need for further development of that theory. Among the most urgent problems is to investigate the role and prospects for development of money-exchange relations, the operation of the law of value, and related economic categories in the context of intensification of the economy.

Profit and Gross Income

The conversion of enterprises to full cost accounting [khozraschet] and self-financing assumes intensification of the role of profit as the most important summary indicator of performance, as the main source of resources for the development of production and social development... and as an economic incentive for the rise of production efficiency. At enterprises which have already made the transition to the conditions of self-financing, an improved model of normative profit distribution has been introduced as compared to all those used previously. And although its individual elements (the charge for resources, the methods of computing the standard rates) are still in need of improvement, on the whole this model creates more favorable conditions for implementing the ideas of self-financing, for increasing motivation, and for enhancing the responsibility of enterprises for achievement of high end results. This is largely related to the fact that economic incentive funds are built up in the final stage of profit distribution through direct deductions from that part of it left at the disposition of enterprises after obligations have been met concerning payments to the budget and deductions to the ministry. It is equally important that now many previously independent deductions to finance planned outlays have been unified in incentive funds.

As noted at the June (1987) Plenum of the CPSU Central Committee, in 1988 two-thirds of industrial enterprises will be operating under the conditions of full cost accounting and self-financing, and while in 1989 the transition of the entire industrial sector to the new economic conditions is to be completed. On the basis of a critical analysis of the experience gained USSR Gosplan and USSR Minfin are now drafting recommendations on methods of determining long-term economic rates for profit distribution for the remaining years of the 12th FYP. At the same time the question of the more remote prospects for the use of profit in the management mechanism still remains unclear.

In the process of exploring ways of intensifying the motivation and responsibility of enterprises concerning the end results of activity a new approach has been outlined to performance indicators and relations in distribution based on gross income—the enterprise's marketed net output. With the orientation toward gross income as the sole and "synthesizing" object of distribution the possibility is created for building up the total remuneration fund as a residual fund.

Profit and gross income figure in the Law on the State Enterprise (Association) on parity principles as it were. Enterprises are extended the right of choice (with consent of superior organizations, to be sure) of a particular indicator for evaluation of the results of their activity and the object of distribution. Is this kind of duality in the possible solution of the problem justified? What is to be the relationship between the two systems of evaluation and distribution of resources, where can the line be drawn between them—by spheres of activity (one for agriculture, trade, and other sectors oriented toward the final consumer, and the other for all the rest of the branches and sectors) or in time, depending on schedule? In order to answer these urgent questions in the practice of management, we need to analyze the concept of "profit" more thoroughly.

Is Profit "Outdated"?

It would seem that not only economic theory, but also the entire body of experience of socialist economic activity have refuted the erroneous thesis that profit is a category that is alien to the socialist mode of production. But advocates of the distribution of gross income are again raising their voices to the effect that profit is not suitable to socialist conditions of economic activity. Assertions are still being made as to the alleged "narrowness" of this category from the standpoint of the problems of economic incentives which now have to be solved, to the effect that the orientation of the economic mechanism toward profit has given nothing to the national economy and has not guaranteed a rise in its efficiency.

Is that so? Is this category alien to socialism, is profit "outdated" as the transition is made to full cost accounting as a criterion for evaluation of performance and as an object of distribution?

Profit and its functions and role in the system of socialist reproduction aroused the deep interest of Soviet scientists and practitioners in the late sixties and early seventies, when after many years of management with markedly administrative methods they first became aware of the need for changes and economic methods of economic activity. Measures to improve planning and economic stimulation of production were drafted and began to be gradually introduced in 1965. To be specific, the charge on assets and the new system of economic incentive funds were introduced, and certain other measures aimed at strengthening the role of profit in the economy were also carried out.

But in the years that followed (beginning in the mid-seventies) the economy and the economic mechanism were developing under the impact of contradictory trends. On the one hand attempts were made to take further steps in the direction of introducing economic methods of management (for example, in 1979). At the same time there was a new strengthening of administrative and command methods of management, centralized

planning became more rigid, and there was growing regulation of the economic activity of enterprises. The latter trend was predominant and continued to develop all the way up to the mid-eighties.

In this situation the problem of strengthening the role of profit and other economic levers and incentives in management remained unsolved. To a certain extent, of course, this resulted from shortcomings in methods of distribution of profit, payments into the budget, and formation of incentive funds. Moreover, the necessary linkage was lacking among these elements of the economic mechanism.

The Scale of Growth and Growth Rates

On the surface of economic life and in economic practice profit figured as a portion of the proceeds from product sales, characterizing the excess of proceeds over production costs. The feedback relation linking production cost and profit made it possible to judge from the size of profit (other things being equal) the operating efficiency of enterprises, to determine their capability as to self-financing and formation of the centralized fund of financial resources, to compare enterprises with respect to the level of profitability (rate of income), to discover those enterprises which were operating at a loss, and so on.

In 1987 the plan for the entire economy called for 200 billion rubles of profit, and more than 40 percent of that amount was to remain at the disposition of enterprises. Together with the wage fund, this portion of profit represents their cost-accounting income intended for use to remunerate labor, to develop production and to meet social welfare needs.

But the scale and growth rates of profit have still remained inadequate. Only in recent years has it become possible to halt the trend that took shape previously toward declining growth rates of profit and to bring about a certain rise in the share of the intensive factor in its growth. For instance, during the 11th FYP 30 percent of the growth of profit from product sales was achieved by reducing the production cost, as against 23-25.6 percent in the 10th FYP. But the role of this factor remains extremely negligible. This is evident that the yield has so far been slim from the measures of retooling and reconstruction of production, that the advances of science and technology have been inadequately applied, that the economic mechanism is ineffective, including the methods of profit distribution used previously and also the methods of production cost accounting. Those methods basically took shape back in the thirties.

There is an urgent need for development and extensive introduction of a comprehensive system for management of the reduction of production cost based on the normative method of planning and recording production costs, on daily current monitoring of costs by detecting their deviations from standards, and on a prompt change

of the standards themselves. It is advisable to introduce progressive methods of accounting by cost centers and liability centers, which are used in the CEMA member countries and in a number of capitalist countries. Putting order into the recordkeeping of production costs so that it conforms to the present-day achievements of science and practice is an indispensable condition for reliable determination of profit and for strengthening the role of intensive factors in its growth.

It is also indispensable to assess more thoroughly and from present-day vantage points the material basis of profit and the relations that come into being in connection with its formation and use.

Functions in the Process of Distribution

Profit is not simply an element in the proceeds from product sales; this is an economic category that stands for profound economic relations inherent in commodity production, value relations, and the movement of goods and money. Profit is the main concrete money form of the value of the surplus product. The share of profit in net income, as the most general expression of the surplus product, is now 55-57 percent according to our estimates, and it shows a tendency toward further growth.

In keeping with profit's specific nature its main function is to serve as an economic form of measurement and realization of the value of the surplus product created in the basic cost-accounting unit and to figure as a unit of measurement for comparing expenditures of labor and the measure of growth of the value of the social product at the enterprise. This accounts for the multifarious role of profit in the process of reproduction: as a criterion of its efficiency and as an economic incentive for the rise of that efficiency, as a financial resource for expanded reproduction, and also as a source of the nationwide fund of financial resources.

Up to now the issue that has remained most debatable has to do with the role of profit as a local criterion of production efficiency. Can profit perform that role alone, or only in a system of other economic indicators? An affirmative answer to this question depends in large part on how successful we are in restructuring the economic mechanism as a whole. First of all—in setting up authentic cost accounting and self-financing, in introducing fundamentally new forms of material and technical supply, and in the reform of pricing. It is clear that in the context of a cost accounting that is largely a formality, such as it has been up to now, if "rationing" forms of supply of material and technical resources to enterprises is retained, and with the imperfection of the entire system of prices, profit has not been able to afford a reliable evaluation of the production efficiency achieved, nor to characterize the results of the efforts of work collectives in production of the surplus product.

The markedly centralized methods of distribution of capital investments, which gave rise to substantial differences between the enterprises of some branches and sectors as compared to others, and within each branch or sector differences among enterprises with respect to the level of the capital-labor ratio and consequently also with respect to the scale of production and the total amount of profit realized, operated in the same direction.

These are the principal objective reasons why along with the ultraprofitable enterprises in many sectors there is a substantial share of enterprises operating at a planned loss, enterprises unable to independently expand reproduction from product sales. Which accounts for the need for state subsidies, whose size has increased regularly as the years have passed, and for redistribution of financial resources within the sector.

The Normative Method of Distribution

The imperfect mechanism for management that took shape in the context of predominantly extensive methods of economic activity also had an adverse effect on other aspects of the functioning of profit: its use as a financial resource for expanded reproduction; and an incentive for the rise of production efficiency, and as a source of the nationwide fund of financial resources. This is convincingly indicated by difficulties in structuring long-term economic norms and their introduction into the practice of profit distribution.

Economic theory and the practical experience that has been gained indicate that economic norms can perform their regulating role provided they are in effect for a long period of time, are stable, and figure predominantly as uniform for all enterprises. In this case they express the demands of society with respect to efficient utilization of production resources.

Drafting and applying predominantly uniform norms proved to be the most complicated task. The stability of norms is not being maintained everywhere. At enterprises converted to full cost accounting and self-financing, the norms governing profit distribution are predominantly differentiated and individual in nature. In the process of setting them success was achieved only in averaging the norms from year to year.

Measures to strengthen the role of the charge for resources must become an important practical step in transformation of the existing relations between enterprises and the state budget with respect to profit. Provision has been made to improve the rates of the present charge on productive assets and to introduce a new charge on resources—the charge for labor resources.

But is it possible to limit relations between enterprises and the state budget solely to charges for resources? That is precisely the opinion that is quite often expressed. We are profoundly convinced that this is impossible. The

trouble does not lie in the quantitative aspect. On the contrary, the extensive transition of enterprises to the principles of full cost accounting and self-financing will diminish the need for budget financing, and this will have an effect on the size of payments into the budget. Incidentally, this has been confirmed by an analysis of the proportions in profit distribution between enterprises and the budget of five industrial ministries already converted to self-financing.

The trouble lies elsewhere. The retention of normative deductions from profit (they might be restructured in the form of a profit tax) is indispensable to guarantee the linkage between budget revenues and "living" profit that is actually being created at enterprises. To limit the inflow of resources into the budget solely to "resource" charges would mean divorcing the revenues of the state budget from the accumulation actually being built up in the national economy.

Normative deductions from profit are indispensable to confiscating the accumulation which will inevitably occur in subenterprises which enjoy particularly favorable economic conditions and derive rent income from that circumstance. The rates of this payment must in our opinion be built on the basis of balance-sheet profit and as a rule with a fixed progression from year to year.

It is also advisable to set the uniform long-term rates for forming sectorwide centralized funds and reserves of the ministry out of profit. The standard rates will help to guarantee the rights of enterprises to use that portion of profit which remains at their disposition and which together with wages constitutes cost-accounting income.

Thus the capabilities of profit as an economic lever for management have not been exhausted by any means. On the contrary, only now are the conditions arising under which it is possible to fully reveal the functions and role of this economic category in the system of socialist expanded reproduction as a criterion of operating efficiency and as an incentive of the rise of efficiency, as a resource for the enterprise to develop production and social welfare, and also as a source of revenues for the state budget.

In our opinion the best sphere for application of the first of the two forms of cost accounting envisaged by the Law on the State Enterprise (Association), specifically cost accounting based on the normative method of profit distribution and formation of the wage fund as a standard proportion of net profit, are the enterprises of machinebuilding and other branches of industry specializing in producing products for production and technical purposes. These are enterprises with the same complicated technological process, with a high level of component assembly, and with a great number of suppliers.

The advantages of the second form of cost accounting, which is based on normative distribution of gross income and formation of the wage fund as a remainder

of cost-accounting income, can in our view be revealed most fully in agriculture, the trade sector, consumer services, and certain other branches and spheres of activity operating for the final consumer (the public). These are those spheres of production in which the technological process is relatively simpler, and the main thing is that it can be broken down into parts, that is, the individual areas and subsectors for production of final end products can be separately identified (for example, those growing vegetables, raising young animals, the organization of milk production). Here the conditions are best for organizing the collective, brigade, and family contract. The results of the experiment now being conducted at enterprises of BSSR Minlegprom largely define the possibilities and prospects for applying the second form of cost accounting in the branches of light industry.

An objective and sober comparative analysis of developing practice in its various forms based on profit and gross income, taking into account the objective peculiarities of technological processes and the organization of work, will make it possible to discover more clearly the best spheres and limits of application of each of the two models of cost accounting.

Norms: Foundations of Their Development

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[Article by E. Figurnov, doctor of economic sciences]

[Text] Stable long-term economic norms, along with prices and interest rates on credit, are the most important instruments in planning work in the integral system of management being created.

As noted in the Basic Principles of Radical Restructuring of Management of the Economy, these are the basic levers whereby planning agencies exert pressure on enterprises, motivating them to act in the interests of society and to achieve the objectives of the plan. This role, of course, cannot by any means be performed by just any norms, but only by norms which are economically sound.

Ekonomicheskaya Gazeta has written more than once about shortcomings in assigning economic norms to enterprises converted to full cost accounting and self-financing in the context of the approved plan for the current 5-year planning period. This confirms once again the importance of work on the questions of theory and practice related to formation of norms guaranteeing linkage between the interests of the entire nation and the cost-accounting interests of work collectives. We would like to share some of our views on this subject.

The System of Norms

The materials of the June (1987) Plenum of the CPSU Central Committee contained the scientific foundations for formation of the system of economic norms which

decide the specific questions in developing them at the level of the sector and enterprise. It is also important that the USSR Law on the State Enterprise (Association) has clearly defined the makeup of the norms which depend on the forms of cost accounting, which are based on normative distribution of profit or income.

The system of economic norms includes the following: the standard rates of the charge on productive assets, labor resources, and natural resources; the rates of the tax on calculated profit (income) remaining after payments have been made on resources and interest on credit has been paid; the rate of deductions from calculated profit (income) to the superior body; the rate governing formation of the wage fund; the rates governing formation of the economic incentive fund, the fund for development of production, science, and technology, the fund for social welfare development, the material incentive fund, or other funds for similar purposes.

The law has also envisaged other norms: the share of depreciation that is left to the enterprise, the rate of formation of the repair fund; the rates of transfers to the foreign exchange fund; the standard relation between the growth of labor productivity and the rise of average remuneration.

Finally, the law states that the specific list of economic norms to be assigned the enterprise is to be approved by the USSR Council of Ministers.

The costs involved in breaking down to enterprises the standard rates when the 5-year plan has already been given shape would seem not to offer the basis for doubt that they have become one of the load-bearing structural elements in the economic mechanism. The norms create an economic interest in the most efficient conduct of economic activity at the enterprise. That is why it is so important to realize in practice the instructions of the June Plenum of the CPSU Central Committee to the effect that the norms must be assigned to enterprises before 5-year plans are drawn up and are not to change in the course of the 5-year planning period.

This approach guarantees stability of relations between enterprises and the budget and the motivation to achieve maximum utilization of the available resources.

The Charge for Resources

The method of forming each of the norms has its own peculiar aspects. Moreover, the norms governing relations with the budget are taking on the greatest importance to linkage of the interests of the state and those of enterprises. The decisions of the June Plenum of the CPSU Central Committee provided that every enterprise must participate in forming the budget, while payments for productive resources used would become the principal source of budget revenues.

The enterprise is required to make its contribution to the needs of the entire state out of profit: to finance the nonproduction sphere, to form social consumption funds, to maintain the country's defensive capability, and for the state's production and nonproduction accumulation. The enterprise must transfer this portion of profit to the budget. In addition, it is required to transfer a portion of profit to the superior organization and also to pay interest on credit to the bank.

The residual profit remaining after these settlements serves as the source for formation of the following funds at standard rates: the fund for development of production, science, and technology; the fund for social welfare development; the material incentive fund, or other funds of similar purpose.

The rates of the charges on resources are supposed to guarantee equally strenuous requirements with respect to utilization of the resources granted enterprises and therefore equal starting conditions for realizing cost-accounting income. What does this mean? A portion of the enterprise's profit may result from the fact that a given collective has better technology, machines, and equipment, better natural conditions. For instance, in Krasnodar Kray the natural fertility of the land is appraised at 100 points, while in the Nonchernozem Zone it is 35-40 points. By means of the charges on resources enterprises come to have basically the same starting conditions for realizing calculated profit (income) remaining with them after payments have been made into the budget and interest has been paid on credit.

Quite often the question arises of whether it would not be simpler for the transfers to the budget to be made without the charge on resources, solely on the basis of a rate of transfers to the budget representing a fixed share of profit that would rise as profit increased? But with this approach society is not able to obtain for its disposition that additional income which results from the high efficiency of material and natural resources rather than the efforts of a given collective. As a consequence collectives which have the best resources would be in a privileged position, which contradicts the principles of social justice. After all, the portion of income obtained thanks to better material and natural resources is the property of the entire society, and it is used mainly to build up centralized resources for productive accumulation.

Up to now the charge on productive assets has been practically the only charge on resources in the industrial sector. Moreover, its rates were different from one branch to another and even one enterprise to another; many of them were altogether exempted from the charge on assets. The documents of the June (1987) Plenum of the CPSU Central Committee state: "The line is to be pursued of applying a uniform rate of the charge on productive assets for all the enterprises in a sector and

eventually for all sectors. The possibility is left open that it would be temporarily abolished or reduced for enterprises operating at a loss or at a low level of income.

This approach is dictated by the new pricing methodology, which calls for prices of machines, equipment, and other means of production to take into account the performance characteristics of those items. More productive machines, equipment, and other fixed productive assets cost more than those which are less productive. That is why it is fully justified to collect a uniform charge for every ruble of the value of productive assets.

The charge on natural resources—land, water, and minerals—plays a role analogous to that of the charge on assets. The rates of the charge for natural resources are set so as to provide society that income which results from better natural characteristics of mineral deposits and better natural fertility of the soil.

The charge on labor resources has a different purpose; it is intended to reimburse the expenditures of the state to train manpower and to provide social welfare, cultural, and municipal and consumer services to workers and members of their families. Here the rates may be differentiated from one region to another of the country depending on the strain on the balance of labor resources.

But the rates of the payments on resources perform not only a distributive function, but also an incentive function. The smaller the volume of resources used, the lower the payment for them. That means more resources left at the disposition of the work collective.

But although the fundamental questions concerning formation of the rates have been decided, during the radical reform of management many specific questions have to be answered about calculating the rates of the charge on productive assets, labor resources, and natural resources so that the 13th FYP is entered with a smoothly adjusted economic mechanism.

Taxation of Calculated Profit (Income)

At the June Plenum of the CPSU Central Committee it was decided that in addition to the payments into the budget for resources there would be taxation of the profit (income) of enterprises remaining after payments on resources and payment of interest on credit (see Article 17, Point 3, of the Law on the Enterprise). This portion of profit has come to be called calculated profit (income).

On behalf of optimum combination of the interests of the state and the enterprises it is important that the rates of the tax on calculated profit (income) paid into the budget and the superior body be substantiated. These rates have paramount importance to implementing the principle that collectives should earn their resources for remuneration and for development of production and social welfare.

In our view what are the important things to bear in mind in setting those rates?

If the charge on productive resources places all enterprises in the sector in identical conditions for realizing calculated profit (income), then an identical rate of both the tax paid into the state budget and also transfers to the centralized fund and reserves of the superior body would be fair in social terms. In this case the rates of the tax and the transfers would represent fixed shares (in percentages) of calculated profit (income).

But in the years immediately ahead it is not possible to place all enterprises in the same objective conditions for realizing calculated profit (income). The reason for this is that the prices in effect do not correspond to the requirements of the new economic system, and the system of payments for productive resources has not yet been developed very much. To be specific, fixed productive capital has not undergone revaluation since 1972, and its value does not correspond to its value (replacement value) today. The charge on natural resources is hardly applied at all. Finally, given the scarcity of many products, income may also depend on the demand for the product.

With these factors in mind it is preferable to have a progressive scale of the tax on calculated profit (income) and of the transfers from it to the superior body than to have a rate which represents a fixed share. This is also indicated by the experience of USSR Minkhimmash, where scales of the transfers from profit to the budget have been in effect.

The scale of the tax and transfers from calculated profit (income) is in our opinion supposed to meet two main requirements.

First, the rate of the transfers to the budget and the superior body must increase directly with the growth of calculated profit (income) per worker, but should increase more slowly than the increase in per-worker calculated profit (income). Consequently, the better an enterprise performs, the more residual profit it will have. And this is the pledge that the collective will have an interest in raising production efficiency through better conduct of economic activity, by increasing the volume of production, by conservation of resources, and by applying scientific-technical progress.

Second, the portion of calculated profit (income) remaining at the enterprise's disposition must under normal economic conditions guarantee coverage of its cost to remunerate labor and for development of production and social welfare. This means that when the scale is being structured, the point of departure must be that on the average in the branch the costs of enterprises envisaged in planning projections must be covered by their

own income. This will still make it possible to implement the principle of earning resources and to stimulate utilization of resources at the socially necessary level of efficiency.

The Rates of Economic Incentive Funds

The profit remaining after payments for resources and tax payments is placed at the disposition of the enterprise to form economic incentive funds. From the viewpoint of social justice it is extremely important that economic incentive funds be formed at rates which are the same both for all enterprises in the branch and also from year to year of the 5-year planning period. This social requirement makes it easier to calculate the rates: the size of the respective funds in the branch as a whole are divided by the resources left at the disposition of enterprises, once again in the branch as a whole.

It is advisable that in the first form of cost accounting the wage fund be formed for the social reasons we have considered on the basis of the same rates for the branch or subbranch, and these would determine the share of remuneration in the net output. In order to guarantee that the productivity of labor grows faster than the average wage, the rate must drop from year to year of the 5-year period.

Within the Limits of the 5-Year Planning Period

The principles governing formation of economic rates may be applicable to their full extent only when the 13th FYP is being drafted. In the current 5-year planning period we have to assume that the 5-year plan cannot be substantially changed.

Experience in the transition of the first branches to full cost accounting and self-financing has shown that the setting of economic rates on the basis of the established absolute indicators of 5-year plans of enterprises has consequences which are extremely undesirable from the standpoint of linking the interests of the state and those of work collectives. It turns out that the level of the rates was affected by all the fluctuations in the absolute size of capital investments and the other absolute indicators of the plan. The rates prove to be unstable from year to year and individual for each enterprise. Many readers of the newspaper have in fact written about this.

In our view the following approach might provide a fundamental solution to the problem. Revision of the financial indicators of the branch as a whole is, of course, not allowable. But it would be advisable for certain adjustments to be made in the indicators which determine the rates of enterprises. This opens up the possibility of fuller realization even in the first years of operation after transition to self-financing of those principles which have been laid down in the new system of economic activity.

On Groups of Enterprises

How would this approach be realized in concrete terms? We might propose the following procedure. Enterprises of the branch and ministry would be divided into three groups. The first would be the self-financing enterprises capable of making full payments into the budget for resources and of forming economic incentive funds. The second group would be enterprises at a low level of profitability not capable of making payments on resources into the budget in their full amount, but able to form the standard level of economic incentive funds. The third group would be subsidized enterprises which need a subsidy to form the standard level of economic incentive funds.

The normative level of economic incentive funds can be determined by multiplying the size of an enterprise's labor force by the average size of the material incentive fund, the fund for social welfare development, and the fund for development of production, science, and technology in the branch (on a per-worker basis).

Then the ministry determines for each enterprise the amount of profit on the basis of the targets and calculations of the 5-year plan as well as possible refinements of it. The normative size of economic incentive funds is subtracted from this reference figure on profit. If the remainder of profit is insufficient for making the normal size of payments for productive assets (6 or 8 percent) and the charge on labor resources (300 rubles per worker per year in regions with a labor shortage and 200 rubles in regions with a labor surplus), then the enterprise would be put in the first group. If it can afford only a portion of the normative charge on resources, then lower rates are set for those payments. In this case the enterprise would be put in the second group. And those enterprises which lack resources to form the normative amount of economic incentive funds would be put in the third group.

The sum total of payments for resources in the branch and its specific payers would be determined as a result of these calculations (on the basis of the targets of the 5-year planning period). The difference between the total amount of profit and the size of revenues from the charge on resources yields calculated profit (of the branch, enterprise), out of which enterprises pay taxes into the budget and make transfers to the ministry's centralized funds.

For this purpose a sectoral scale of rates of transfers from calculated profit would be devised as a function of the amount of profit per worker. It seems to us that it could be structured as follows: if calculated profit per worker is less than 800 rubles, the total rate of the tax into the budget and transfers to the centralized ministry fund would be 0 percentage; at 900 rubles it would be 4 percent, at 1,000 rubles 10 percent, at 1,100 rubles 16 percent, at 1,200 rubles 21 percent, at 1,300 rubles 26 percent, at 1,400 rubles 30 percent, and so on.

Assume, for example, the standard size of economic incentive funds per worker in the branch is 1,000 rubles. Then for enterprises being subsidized it could be fixed at a level of 80 percent of the average, that is, 800 rubles. When calculated profit is less than 800 rubles, the rate of the tax paid to the budget and ministry would be equal to 0. For enterprises whose calculated profit is between 800 and 1,000 rubles per worker, the rate of the tax would rise to 10 percent. As calculated profit rises further, the rate of the tax increases, but so that the total amount of calculated profit per worker remaining at the disposition of enterprises would be larger and larger as calculated profit increases.

The scale we propose determines the total rate of the tax into the budget and transfers to the centralized ministry fund.

This total rate is then divided into two parts. For this purpose we compute the shares of payments into the budget from calculated profit and transfers to the centralized fund in the absolute amount of those payments for the ministry as a whole.

These shares determine the division of the total rate into the rate of the tax into the budget and the rate of the transfers to the centralized ministry fund. If for the ministry, say, they are 400 and 600 million rubles, then every enterprise must pay 40 percent of calculated profit determined according to the scale into the budget and 60 percent into the centralized fund.

As a result of these computations we have the calculated profit remaining at the disposition of the enterprise. How are we to determine the rate of formation of each of the economic incentive funds? As has been pointed out, these rates must be uniform for all enterprises of the sector and for every year of the planning period. For purposes of determining them the standard size of each of the economic incentive funds is divided by their total size.

Of course, this is only a general scheme. If necessary the ministry could allow certain enterprises to deviate from the average rates of economic incentive funds for the sector. In a number of cases, for example, consideration should be given to the degree of wear of fixed productive capital and the adequacy of the enterprise's facilities for social welfare and cultural purposes.

The Importance of the Proposed Approach

The method being proposed has in our opinion a number of advantages over the methods of computing economic norms that are now applied.

First, it guarantees for the branch unconditional fulfillment of the targets of the 5-year plan for financial indicators. At the same time it takes into account the specific aspects of the financial condition of individual enterprises.

Second, equally strenuous requirements as to the utilization of productive capital is guaranteed for all self-financing enterprises, since the charge on that capital is paid at the same rate—6 or 8 percent. The same requirement is met concerning the charge for labor resources. Unjustifiable differentiation of the charge on assets, which is widely applied by ministries, is precluded.

The charge on resources takes a maximum possible share of payments into the budget, since self-financing enterprises in the first group will pay it at a higher rate and enterprises operating at low profitability in the second group will do so at a lower rate.

Third, the principle that economic incentive funds be earned by all enterprises is fully observed. The better an enterprise is performing, the more funds it has, the worse it is performing, the smaller its funds. Rates governing formation of economic incentive funds which are identical from enterprise to enterprise and from year to year place no one in a privileged position and meet the principle of social justice.

Fourth, a frequently encountered situation in which ministries have established rates of transfers so as to guarantee first the revenues into their own socialized funds is precluded. For instance, the maximum rates of transfers from profit to the state budget is set for enterprises operating unsatisfactorily, and the "heavy" rates of transfers from profit into the centralized ministry fund are set for enterprises operating well. For example, USSR Minneftekhimprom did not envisage transfers from profit into the centralized fund of the ministry for the association "Volzhskrezinotekhnika," which is in a difficult financial situation. As a result its transfers from profit to the budget increased 1.5-fold, even though the rise of total profit under the association's plan was only 20.7 percent. USSR Minavtoprom planned for the "KamAZ" PO, which is operating well, that it transfer 46 percent of profit to the centralized fund of the ministry and only 4 percent into the budget.

Fifth, according to the method proposed for forming the rates, enterprises would be compelled to make extensive use of bank credit to eliminate the deviations of economic incentive funds from the outlays envisaged by the 5-year plan. The ministry could also furnish them resources from its centralized funds for certain measures.

07045

REGIONAL DEVELOPMENT

Gosplan Official Interviewed on Far East Development Plan

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[Interview by A. Fedotov of USSR Gosplan First Deputy Minister A. Reut under the rubric "Our Interviews": "The Far East is Becoming Closer"]

[Text] *We have long associated Siberia and the Far East in our consciousness not only with a great expanse, where, as the apt joke of the locals goes, "a hundred versts is not*

detour, and a thousand is no distance," but also with a look deep within, justly considering the land here the treasure house of the country.

We can consider it, but until quite recently we did not genuinely put our hands to creating a more powerful industrial potential in the Far East, putting it into service to the extent that it should be. As a result, the rate of economic development has been slow here, and its share of the all-union production is not only not increasing, but is even receding. The eastern regions are lagging appreciably in solving problems in the social sphere, and first and foremost housing.

How can Siberia and the Far East be made to approach the nationwide level of socio-economic development and become in time a "vital link" in the economy of the whole country? Our correspondent discusses this with USSR Gosplan First Deputy Chairman A. Reut.

[Question] In July of last year, during his trip to the Far East, M.S. Gorbachev posed the question of a program of long-term comprehensive development of the eastern regions of our country. The goal of this program is the creation of a highly efficient national-economic complex with an intrinsic resource and scientific-production base, optimal economic structure and developed social sphere that is organically included in the system of nationwide and international division of labor. A year has passed. What has been done?

[Answer] Well, that's a reasonable question. Today a Long-Term State Program for the comprehensive development of the productive forces of the Far-East economic region, the Buryat ASSR and Chita Oblast to the year 2000 has been approved and put into operation. Aside from specialists from USSR Gosplan, the USSR and RSFSR councils of ministers, ministries and departments, representatives of local party and soviet organs actively took part in working on it. The document was widely discussed and was approved by executives and public opinion in the localities. This means that the people see in it a promising and realistic step toward accelerating socio-economic development and renewing all spheres of life.

The changes really seem enormous. In accordance with the new regional policy and the party line of priority development of the eastern regions of the country, their economy must take a major spurt forward. Take, by way of example, the Far East. Before the year 2000, the growth rate of industrial commodity output should increase by 2.4-2.5 times, the output of electric power by 2.6, the extraction of oil and gas condensate by 3.1-3.8, gas by 7.2-9.3 times etc.

All sectors affecting the development of the social sphere will pick up their rates appreciably. Every indicator of growth rate will thereby considerably exceed the nationwide ones. As a result, the contribution of the Far-East regions and those contiguous to it to the solution of

national-economic problems will increase. And so as to better depict the bounds of the program, I would say according to our calculations that some 198 billion rubles of centralized capital investment and enterprise funds are projected for the development of the Far-East economic region. All told, taking into account the funds that will be invested in raising up the economy of Transbaykal, the spending will comprise some 232 billion rubles. An enormous advance that the Far East and Transbaykal people should return to the state, as they say, with interest: from here, the Far East, our country should add to its wealth.

[Question] And, probably, first and foremost the wealth of the sea. The geography itself suggests the reasoning by which it is essential to form a highly developed complex of industrial sectors that are aimed at utilizing the resources of the ocean right here.

[Answer] All true—both the geography, and the fact that by virtue of many reasons, the fishing industry of the country will shift to the eastern regions. The program envisages this "migration." The technical retooling of coastal fish-processing enterprises with emphasis on modern equipment and the latest technology is projected. The elimination of a problem the fishermen are sick and tired of—the disproportion between the fleet and the shore base—is proposed as early as the 13th Five-Year Plan through the development of shipyard capacity and expanding the throughput capabilities of the fishing ports here.

All of this taken together will make it possible to increase the fishing and ocean-products trade considerably. The selection of fish will become much more varied and appetizing.

Much attention has been devoted to a program for such a promising area as the production of active biological substances from ocean products, especially food and medicinal agar. The fish catch overall and the extraction of other ocean products in the Far East will comprise some 45 percent of the nationwide total.

[Question] And what about other products? Man does not live by fish alone... Will they be able to break the established practice here where almost half of the total food is shipped here from other oblasts and krais of the country?

[Answer] A highly developed agricultural base and food industry must be created for that. By the year 2000, as a matter of fact, the needs of the Far Eastern and Transbaykal residents for potatoes, local vegetables, milk, eggs, pork, poultry and, to a large extent, beef, will be completely satisfied. And all of this exclusively through local production. But some products will have to be shipped in from other regions anyway—warm-weather

vegetables, beef, cheese, butter... What can you do, they can't do it in Moscow either. With time, the proportion of the products shipped in should be crowded by local food products.

[Question] The Far East has long been called an "underground treasure house" of non-ferrous metals, gold, silver and other elements and minerals. But will it remain for long a treasure house whose wealth is refined in other regions?

[Answer] The question of the comprehensive utilization of the natural resources of the kray is a cardinal one. The task consists of a decisive transformation from the persistent regard for the Far East only as a raw-material base to the construction of enterprises for the final cycles, whose production will be entirely and wholly complete based on the employment of local minerals, raw materials and timber.

With a regard for this, a radical technical retooling and reconstruction of the enterprises of the machine-building sectors is envisaged. They will be oriented toward the output of machinery and equipment essential for the efficient assimilation of the natural resources of these regions.

And this predetermines the necessity of technical retooling and the reconstruction of existing metallurgical plants—the Amurstal and the Petrovsk-Zabaykalskiy. Using Far-Eastern iron ore and coking coal, a powerful new metallurgical base will be constructed. The first phase of a 3-million-ton capacity rolling mill is projected to enter service in the year 2000.

The comprehensive utilization of mineral and raw-material resources in non-ferrous metallurgy, as well as the deep and all-round processing of timber, have also absolutely not been forgotten. Processing production for the complete extraction of useful components from semi-metal ores and obtaining semi-products will be constructed at the Solnechnyy Ore-Enrichment Combine, the Dalpolimetall and other single-process enterprises.

As for the processing of timber resources, the output of cellulose will increase by 2.1 times, cardboard by 3.2, particleboard by 5 and plywood almost 6 times in the Far-Eastern industrial complex. And this is in the face of growth in pulp shipments of only 11 percent.

[Question] Such a broad step in the industrial sectors naturally assumes impressive growth in the fuel and power complex as well. The Far East is still receiving oil primarily from its neighbors, and at the head of the line, from West Siberia, while close at hand, in the Sakhalin shelf, very rich oil and gas deposits have been discovered...

[Answer] In developing the program, we proceeded from the position that the Far East economic region should fully satisfy its own power needs through existing resources, and become a power exporter in the future.

As early as in the 13th Five-Year Plan, the fuel and power complex will provide completely for the needs of the region for electric power and fuel. Coal production here will be increased to 82-85 million tons. The production of oil and gas in the new oil-and-gas fields that are being assimilated in the regions of West Yakutia will comprise 2-3 million tons and 5 billion cubic meters respectively, aside from the 4-5 million tons of oil and 8-10 billion cubic meters of gas on the Sakhalin shelf.

[Question] The program probably also takes into account the important role of the operational assimilation of the BAM zone. There's not that much time left before 1989, when the mainline will be put into operation. And then...?

[Answer] And then it must be genuinely and efficiently exploited. Both made habitable and finished off for the long run, not temporarily. Permanently. The program singles out sections that are specially devoted to the development of the BAM zone. The amount of industrial production will increase by 2.9 times here. The headcount of the population, also not unimportant, will increase by 1.7 times. The production of electric power, the coal industry, non-ferrous metallurgy and the timber, paper, cellulose and timber-processing industries will all develop at a rapid rate. But the building-materials industries will grow at the fastest rate of all—5.4 times. I think this is understandable: we cannot master what is projected without the construction and building-materials industries. After all, they are the foundation for the development of the region's economy.

The program (not only in the part concerning the BAM zone) thus also allots a significant place to the organization of a modern construction complex in the East through the creation of major regional as well as mobile bases for the construction industry and the development of the building-materials and structural-elements industries.

[Question] I would like to recall the caution sounded by M. S. Gorbachev with the workers of Vladivostok: will it not happen that the industrial potential created will not be utilized by anyone? The problems of the BAM also have an effect...

[Answer] I am sure that this should not happen. In working on the program, we took into account first off the decisive turn toward the social problems of the Far Eastern and Transbaykal residents. It is enough to say, for example, that 30 percent of the funds allotted for the realization of the program comprise expenditures for the development of the social and cultural sphere. This will make it possible to guarantee every family in the Far East and Transbaykal a separate apartment or detached home

by the year 2000. Modern cities will be built here. All pupils here will study only on the first shift. We will be able to eliminate completely the shortage of cultural and health-care facilities. And the lines in nursery schools and kindergartens are already disappearing in the 12th Five-Year Plan.

In short, the high level of the social sphere here will in that manner become a vitally important factor that will stimulate the attraction and consolidation of skilled personnel in the region and the formation of a stable permanent population. I can say without fear of exaggeration that the Far East will be much closer for all of us by the year 2000.

[Question] And, probably, the successful incarnation of this program will depend largely on the receptiveness of managers to what is progressive...

[Answer] Of course, the fulfillment of the program will take place, after all, during the mass transition of enterprises and associations to economic accountability (khozrashchet) and self-financing, when the USSR State Enterprise (Association) Law will be fully in effect. And so as not to blunder, not to wander about, as they say, we must make full use of the economic levers of the new mechanism of economic operation.

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MODELING, ECONOMETRICS, COMPUTERIZATION

Expanded Fiscal, Price Statistical Data Processing Planned

18200203 Moscow VESTNIK STATISTIKI in Russian
No. 6, Jun 87 pp 3-8

[Article by A. Dergachev, chief of the Department of Finance and Price Statistics of the USSR Central Statistical Administration, candidate of economic sciences: "Problems in Restructuring Finance and Price Statistics"]

[Text] At the present stage the policy of accelerating social and economic development worked out by the 27th CPSU Congress dictates the need to profoundly restructure the economic mechanism and to bring the forms and methods of managing the economy into conformity with modern requirements. The further improvement in the financial and credit mechanism and the price system, by means of which the state regulates the processes of forming monetary accumulations of socialist enterprises and their distribution and utilization, is to play an important role in the accomplishment of this complex multifaceted task.

Under present conditions Leninist principles of democratization of national economic management are realized fully. A number of fundamental legal acts have been developed. They are intended to radically change the

conditions and methods of management in the basic link of the economy and to consolidate the combination of the planning principle and full cost accounting, as well as of independence and responsibility, in the activity of enterprises.

"Democratization in the economy," N. I. Ryzhkov, chairman of the USSR Council of Ministers, noted at the festive meeting devoted to the 117th anniversary of V. I. Lenin's birth, "puts forward economic competition as the most important, new form of socialist competition. This is the contest and fight of enterprises for the output of products necessary for the national economy with the smallest expenditures and for the derivation on this basis of income, whose amount will entirely determine the production and social position and the prospects for the development of labor collectives. Such conditions are now created by full cost accounting and self-financing. The idea of economic competition permeates the entire draft law on the state enterprise."

The responsibility of associations and enterprises for utilizing production resources and for ensuring profitable work increases under the new conditions of management. In particular, the change in the form of their settlement of accounts with the state budget contributes to this. Previously, the centralized form of settling accounts was applied widely, which led to the limitation of the cost accounting rights of enterprises. Amounts of payments often changed during the year, the responsibility of enterprises for contributions to the budget decreased, and their size was detached from the real base—the sum of derived profit. Ministries, not enterprises, settled accounts with the budget. Now the situation is different. Deductions from the profit into the budget are made by a decentralized method, that is, by the enterprises themselves.

Therefore, improvement in financial and economic work at all levels of management and increase in the responsibility of ministries and departments for the state of finances and the results of management in sectors administered by them are some of the top-priority tasks of all economic links. This is especially urgent in sectors transferred to principles of full cost accounting, self-financing, and self-support.

The transition to full cost accounting and self-financing and the application of long-term stable standards place fundamentally new demands on finance and price statistics. There is an urgent need to further improve the system of its indicators.

For these purposes it seems advisable to determine new indicators characterizing the efficiency of functioning of the financial and credit mechanism and the price system under conditions of restructuring the economic mechanism and transition to principles of full cost accounting, self-support, and self-financing.

First of all, it is necessary to ensure an overall economic and statistical investigation of processes involved in the formation and utilization of profit, which under conditions of full cost accounting characterizes the final financial results of the activity of ministries, enterprises, and associations and is the main source of financing expenditures on production and social development and the most important element in state income. Throughout the national economy in 1987 profit will reach 200 billion rubles and more than 40 percent of this sum will be left at the disposal of labor collectives.

An economic analysis will reflect not only the revelation of the effect of wholesale price increases for highly efficient products and of economic sanctions (fines, penalties, and forfeits) on the amounts of profit, but also the effectiveness of the mechanism of distributing the derived profit in accordance with three groups of long-term standards—deductions into the budget, superior sectorial management bodies, and economic incentive funds.

The study of the formation and utilization under conditions of self-financing of all the three economic incentive funds—the fund for the development of production, science, and technology, the fund for social and cultural measures and housing construction, and the material incentive fund—should become an important factor in the statistical study of the finances of enterprises and sectors of the national economy. On the basis of the aim of the 27th CPSU Congress concerning the need to grant enterprises more extensive rights and to eliminate petty tutelage, enterprises are able within the indicated funds to independently plan and implement the entire set of measures for the technical improvement of production and social development. At the same time, it is important to evaluate the changes occurring in the formation and utilization of funds. Thus, not only expenditures on technical retooling and reconstruction are financed, bank credits are liquidated, and interest on loans is paid with the capital of the fund for the development of production, science, and technology, but standards of internal circulating capital are formed, work on the development, mastering, and introduction of new equipment is carried out, and all other types of expenditures of a production nature, which previously were covered by profit, are also financed. Therefore, a study of the efficient application of the new economic incentive procedure and the dependence of the amounts of deductions into funds on the fulfillment of plans for basic fund forming indicators and an analysis of the directions in the utilization of economic incentive funds are the main tasks concerning the economic and statistical analysis of the indicators of economic incentive funds. Intensification of such an analysis will require an expansion of the practice of surveys of enterprises and organizations.

It should be noted that the right of enterprises to independently spend their earned money does not signify state abandonment of the control over the efficiency

of expenditures. Moreover, under the new conditions the antiexpenditure direction of the financial mechanism intensifies.

During the 12th Five-Year Plan this will be attained by an active utilization of such a tool as capital use charge, because its amounts will directly affect the amount of profit left at the disposal of enterprises. A new indicator—the standard of the maximum level of commodity stocks per ruble of output (operations and services)—is of an antiexpenditure nature. A systematic application of very strict financial sanctions for an inefficient utilization of material resources is also to contribute to this.

A set of these measures should contribute to an increase in the efficiency of utilization of the production potential and to an accelerated rate of turnover of circulating capital. In economic and statistical work an important place will also be assigned to the range of these problems.

The first steps in this direction have already been made: Data on incentive increments and rebates (with grouping depending on their amount) have been introduced into statistical reporting on the fulfillment of profit plans, indicators of received and paid fines have been refined, and new intraannual statistical reporting on the formation and movement of economic incentive funds (No 17-f) and forms of statistical reporting overallly characterizing the financial indicators of enterprises and associations operating under self-support and self-financing conditions (No 10-f [cost accounting]) and the degree of fulfillment of assignments according to stable standards of the maximum level of commodity stocks per ruble of the volume of sale of output, operations, and services (according to types of activities) have been introduced.

The implementation of the entire set of operations will make it possible not only to provide planning, financial, and other management bodies with the necessary information on the course and results of restructuring the economic mechanism, but also to significantly expand the subjects of economic work. Thus, reports on the financial results of the work done by enterprises and associations under self-financing conditions, on the reasons for the production unprofitableness persisting in individual industrial sectors, on factors in the change of profitability of national economic sectors, on the effect of unrealized losses and damages on the fulfillment of profit plans, and so forth will be prepared as early as 1987.

Responsible tasks following from the decisions of the 27th CPSU Congress also face finance statistics in the area of the study of indicators characterizing the rise in workers' material well-being. First of all, it is necessary to ensure an overall approach to the analysis of the payments and benefits received by the population from public consumption funds, expenditures on social and cultural measures, and the population's deposits in savings banks with an orientation toward social groups and toward uncovering their role and the present social and

economic content. The role of bank credit in the financing of capital construction and expenditures on the development of science and technology, in the formation of circulating capital of enterprises and organizations, and in the improvement of settlements of accounts in the national economy increases significantly under the new conditions.

On the basis of this a study of changes in the share of bank credit in the sources of financing capital investments and forming circulating capital and an analysis of the efficiency of credit utilization in industry and construction and of the effect of an expanded sphere of credit application on an improvement in the settlement of accounts and financial state of enterprises and organizations are the tasks of finance statistics.

The tasks concerning the planned restructuring of the price system as a single whole in the interest of setting up effective cost accounting, lending a greater flexibility to prices, and coordinating their level not only with expenditures, but also with consumer properties of goods and the efficiency of articles, raise qualitatively new, more complex problems for wholesale price statistics. A systematic study of the coordination of wholesale prices in national economic sectors with socially necessary expenditures on output and with an evaluation of the way the price system creates conditions for an extensive introduction of new principles of management and for the transfer of enterprises to full cost accounting, self-support, and self-financing is the basic direction in the improvement in the economic and statistical analysis. Furthermore, wholesale price statistics should ensure an analysis of the role of prices in stimulating scientific and technical progress and in improving the quality of output and processes of price formation for new items for production and technical purposes with due regard for the technical and economic parameters and efficiency of their utilization in the national economy on the basis of advanced technology and organization of production. In our opinion, in this connection in statistical observation it is necessary to pay special attention to problems concerning the profitability of output of individual sectors of industry and to factors affecting it and to expand the work on studying the dependence involved in the applied level of wholesale prices of new products on their improved quality and efficiency and the work on analyzing the dynamics and structure of prices.

The following basic surveys and inspections aimed at accomplishing the tasks set are to be made during the years of the 12th Five-Year Plan: correlation of wholesale prices and the production of new and basic equipment (both according to the data of enterprises manufacturing products and according to the data of enterprises consuming products); change in average wholesale prices and production costs under the effect of individual factors according to groups of products (using the coal industry as an example).

To improve the economic and statistical study of prices and price formation processes, plans have been made to perform significant methodological studies, first of all, keeping in mind the improvement in the program for conducting surveys of the correlation of wholesale prices and the productivity of new and basic equipment, methodological directives for calculating the structures of retail prices of individual consumer goods, the method of calculating the indices of rates for domestic services provided for the population, development of the program and directives for a survey planned for the first time of the study of the effect exerted by individual factors on a change in average wholesale prices and production costs according to groups of products (using the coal industry as an example), and organization of statistical observation of the level of contractual prices in industry and statistical observation concerning the level of accounting prices of coal and coal enrichment products.

On the basis of the tasks set by the Overall Program for the Development of the Production of Consumer Goods and the Service Sphere for 1986-2000 and measures for unifying price lists and further expanding the differentiation of prices of domestic services, at present, jointly with the interested ministries and departments, work is being done on improving the method of calculating the indices of rates for domestic services. Its objective is to calculate indices according to a more detailed list of services provided for the population and the possible reflection in indices of the change in the quality of provided services.

Along with calculating the indices of prices of domestic services for the public of interest is the calculation of the average cost of a filled order according to individual groups of services (manufacture and repair of footwear, sewing and alteration of clothing and knitwear, repair of domestic machines and instruments, and so forth). A calculation of the average cost of a filled order will make it possible to establish a constant observation of the change in the average group cost of services reflecting the change in rates for individual services, the appearance of new types of services, and intragroup shifts toward higher-quality and highly skilled services. The study of the data on the average cost of an order in dynamics for a number of years makes it possible to observe how the population's expenditures on provided domestic services have changed.

The observation of the change in the average price of purchase of individual groups of goods, which will make it possible to follow the dependence involved in the cost level of purchases of goods on the level of the population's income, is an important direction in the improvement in the economic and statistical study of prices. For this it is necessary to organize calculations of average prices, which would more accurately characterize the dynamics in average prices of purchases of goods, that is,

to determine the average price not only for the group as a whole, for example "leather footwear," but for individual types of footwear depending on the consumer purpose and seasonal nature.

The indicated calculations are to be performed jointly with the Scientific Research Institute of the USSR Central Statistical Administration and the All-Union Scientific Research Institute for the Study of Public Demand for Consumer Goods and Trade Conditions of the USSR Ministry of Trade.

Furthermore, it is necessary to refine the directives for organizing and conducting checks on the reliability of report data on price statistics at industrial enterprises and the directives for checking the reliability of report data on the sale of services and products.

Provision is made for improving the reporting presented by enterprises and ministries for the purpose of receiving information on average wholesale prices and their profitability according to the levels of setting them—the USSR State Committee for Prices, ministries (departments), and enterprises—and for intensifying the observation of the effect of incentive increments and reductions in wholesale prices, as well as additions (reductions) to wholesale prices determined in agreement between the manufacturer and client for a change in the outfitting and quality of articles, as compared with the parameters fixed in standard-technical documents in accordance with the real conditions of their utilization by the consumer, and the further expansion of the list of products, for which an observations is made of the level of average wholesale prices and production costs per unit of technical and production parameters.

The development of the functional subsystem "finance and price statistics" is the basic direction in the improvement in the organization of finance and price statistics and rise in the efficiency and level of analytic information processing. All the measures for the development of this subsystem are implemented according to approved programs including the application of economic and mathematical methods in the accomplishment of the most complex tasks.

Two system complexes for electronic information processing are now in industrial operation in the functional subsystem and one system and two Union complexes are being developed (the date for introduction into industrial operation is July-October 1987 and March 1988 respectively).

Jointly with Soyuzmashinform of the USSR Central Statistical Administration and VNIPluchet of the USSR Central Statistical Administration the department carried out work on shortening the time of processing statements of accounts by ministries and departments by 2 and 1/2 months, beginning with the 1986 statement. However, the problem of shortening the time of processing report data on finance statistics still remains acute. On the basis of electronic data processing complexes provision is made not only for further shortening the time of receiving data on the average wholesale prices, production costs, and profitability of individual industrial items, but also for expanding the analytic nature of information on the basis of an improvement in this complex in the part of receiving from computers data on unprofitable items, products, for which an observation is made of the level of average wholesale prices and production costs per unit of technical and production parameters, and so forth.

One base of the system of operational information statistical service (SOISO) is now also in industrial operation in the functional subsystem. To significantly improve this section of work and shorten the periods of preparation of statistical collections and reference data, it is necessary to develop it further in terms of an expansion of the base and a close interaction with the computer system.

Finance and price statistics has at its disposal vast information, whose analysis helps to uncover existing potentials for the further rise in the efficiency of public production and to take them into consideration in the planning and management of the national economy. However, the level of this analysis should be constantly intensified and expanded.

A successful accomplishment of the tasks facing finance statistics and price statistics will help to ensure an observation of the indicators concerning the financial and economic activity of production associations, enterprises, ministries, and departments and an analysis of these indicators under conditions of full cost accounting, self-financing, and self-support and to evaluate the efficiency of introduction of these methods of management.

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AGRO-ECONOMICS, POLICY, ORGANIZATION

Dementsev on Role of Credit in Increasing APK Efficiency

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[Article by V. Dementsev, chairman of the board of
USSR Gosbank; first paragraph is *PLANOVOYE*
KHOZYAYSTVO introduction]

[Text] Credit as an economic lever for the growth of
production in the APK and for increasing its efficiency;
what is new in the credit financing of the enterprises and
organizations of the APK; financing the capital invest-
ments of the APK; strengthening the relationship of
banks with USSR Gosagroprom.

The agro-industrial complex occupies an important
place in the country's economic development. Signifi-
cant shifts have taken place in the agricultural sector
since the May (1982) Plenum of the CPSU Central
Committee. By comparison with the average annual
indicators of the last 5-year planning period grain pro-
duction in 1986 increased by almost 30 million tons, or
17 percent; potatoes by approximately 9 million tons (11
percent); sugar beets by almost 3 million tons (4 percent);
meat by 1.5 million tons (9 percent); and milk by 6.5
million tons (7 percent). A growth of output which with
respect to a majority of the most important indicators
has not occurred for many years has been outlined. The
basic financial and economic indicators of kolkhoz and
sovkhoz performance have improved. Labor productiv-
ity in socialized farming operations 6.9 percent for the
year, profitability was 19 percent, and profit increased
by 2 billion rubles.

Credits of USSR Gosbank play an important role in
development of the agro-industrial complex, in raising
the efficiency of social production, and in reinforcing the
principles of cost accounting (*khozyaystvennyi raschet*).
It is sufficient to note that at the outset of 1987 credit
investments in the agro-industrial complex amounted to
250 billion rubles, or more than 60 percent of the credit
investments of USSR Gosbank in the economy. At
present credit comprises 60-80 percent of the working
capital of kolkhozes and sovkhozes and also enterprises
in the food processing branches of the APK's industry.
One-third of the credits of USSR Gosbank goes for
capital investments.

The large investments in the APK impose higher require-
ments as to the further improvement of the basic prin-
ciples in the organization of credit financing and with
respect to optimum use of resources in that sector. This
is especially important as enterprises and organizations
make the transition to self-support and self-financing.

The June (1987) Plenum of the CPSU Central Commit-
tee observed that major problems have to be solved in
the sphere of finances, credit, and the circulation of
money. Nor can the new economic mechanism be set up
without this.

Quite a few problems in the credit relations of USSR
Gosbank with certain sectors of the economy have built
up in recent years and need to be solved without delay.
The Instructions of USSR Gosbank previously in effect
concerning the credit financing of agriculture were cum-
bersome and did not turn farms toward the end results of
production.

New conditions for credit financing and financing by
appropriation of the APK to cover production costs and
capital investments have been worked out so as to take
into account the decisions of the 27th CPSU Congress.
New regulations have been adopted which on the one
hand tighten the rules for use of state credit. On the other
hand the very process of initiating financing by appro-
priation and planned credit financing has become sim-
pler and less bureaucratic.

In recent years there have been adverse trends in the
bank's relations with kolkhozes and sovkhozes resulting
from the fact that the financial condition of many farms
was under strain, production costs were outrunning the
growth of output, farm income was dropping, and there
was an increase in the amount of credit indebtedness of
certain kolkhozes and sovkhozes. The managers and
specialists of a number of farms strove to obtain as many
credits as possible in the hope that in the future they
would be written off or payment would be deferred, and
they gave less thought to economical expenditure of their
own resources and to obtaining higher profit. Due con-
cern was not shown for preservation and proper use of
their own working capital.

In the context of the restructuring that has begun in the
agro-industrial complex and the rise in the role of credit
in social production, agriculture in 1986 for the first time
in many years achieved a larger growth of gross output
(more than 5 percent) than for credit investments (1.8
percent for kolkhozes and sovkhozes). Moreover, for
kolkhozes of MSSR, LaSSR, ESSR, UkSSR, LiSSR, and
other union republics there was a decrease in the amount
of outstanding credit and an improvement in credit
repayment. This first success should be consolidated as
kolkhozes and sovkhozes make the transition to self-
support.

At the same time credit investments as a whole have
been increasing at rates that considerably surpass the
growth of production on the kolkhozes, for example, of
GSSR, UzSSR, TuSSR, KiSSR, and TaSSR, and the
sovkhozes of MSSR, ArSSR, KiSSR, KaSSR, and
TaSSR.

As in the past there are a large number of kolkhozes, sovkhozes, and other enterprises and organizations of the agro-industrial complex which have not been fulfilling planning targets for the volume of production and for financial results, which have been producing substandard products, which have been "eating up" their own income, and which have not been using their working capital optimally. In 1986 losses were incurred by more than 6,000 kolkhozes and sovkhozes (or 13 percent). The proceeds from product sales did not reimburse the costs of their production on almost one out of every three farms in Ka'SSR, one out of every five farms in KiSSR, TaSSR, ArSSR, and TuSSR, and 29 percent of the sovkhozes in UzSSR, and one out of every five industrial enterprises incurred losses.

There are still quite a few kolkhozes which are spending more gross income than they are producing. For instance, on the "Rossiya" and imeni Kalinin Kolkhozes in Kashinskiy Rayon of Kalinin Oblast in RSFSR remuneration of labor exceeded the gross income obtained by 92,000 and 62,000 rubles, respectively. On the kolkhozes of Vokhomskiy and Sharinskiy Rayons in Kostroma Oblast remuneration of labor exceeded gross income by 1.6-fold. Quite often farms operating at a loss or at low profitability allow high levels of remuneration. For instance, on the kolkhozes of Galichskiy Rayon in Kostroma Oblast the average monthly remuneration has reached 205 rubles, which is 11 percent more than the average for the oblast. The situation is similar on the kolkhozes of Kashinskiy Rayon in Kalinin Oblast where the average monthly remuneration is 181 rubles and exceeds the average republic level by 9 percent, while at the same time labor productivity is 5.3 percent lower than for kolkhozes as a whole.

Inventories of finished products and supplies exceeding the allowances by large proportions have been having an effect on the state of credit relations and the financial condition of the farms. In 1986 those inventories represented more than 4 billion rubles in the sovkhozes and industrial enterprises of USSR Gosagroprom. For instance, the "Dzhangji-Dzher" Sovkhoz in Sokulukskiy Rayon in KiSSR, which at the outset of 1986 had a shortage of its own working capital, built up above-allowance stocks of building materials alone exceeding the established allowance by more than tenfold. At the same time the sovkhoz has repeatedly been delinquent in repaying credits to USSR Gosbank. A similar situation has come about on the sovkhozes "Iskra" and "Gredinita" in Rezinskiy Rayon of MSSR.

Consistent with the new conditions for credit financing, agricultural enterprises will obtain credits from USSR Gosbank on the basis of the standard amounts of working capital which have been set. Strict requirements are thereby imposed so that farms will preserve their own working capital and at the same time replenish it and repay the credit they have obtained.

But, as experience has shown, many kolkhozes have in recent years lost a substantial portion of their own working capital for a number of objective and subjective reasons and will not in the near future be able to build it back to the established standard out of income. The new rules for credit financing take this situation into account. They provide that farms which do not possess the standard amount of working capital will during the 12th Five-Year Plan be issued bank credit on the basis of the working capital which they actually had at the beginning of 1987 and its growth according to the plan for the year. During that period farms must strengthen their economic and financial condition by taking the necessary steps and must distribute income to accumulation and consumption funds on a sound basis so that their own working capital meets the standard.

This is no simple task. That is why the agencies of USSR Gosagroprom must above all provide assistance to those farms in building up their own working capital and in distribution of their income.

Under the new conditions of management of the economy USSR Gosbank is paying a great deal of attention to the question of economically sound planning of credit. Credit planning is developing constantly as an important element in the planned activity of the state. It is directly related to development of production planning and financial planning and development of credit relations between enterprises and organizations of all sectors of the economy, including the agro-industrial complex.

Credit planning guarantees oversight over observance of the basic principles of credit financing, over the condition of settlements in the economy, and over repayment of loans. In the planning process the bank has a direct impact on the level of inventories of finished goods and supplies, allocates money first of all to measures arising out of the targets of the plan, exerts a vigorous influence toward elimination of shortcomings in the economic and financial activity of enterprises, organizations, and associations, and exercises ongoing ruble control over the course of fulfillment of the plan for development of the sectors of the economy.

By means of credit the state takes part in regulating the planned proportions in economic development. The amount of credit allocated for development of fixed capital must square with the volume of capital investments envisaged in the plan for the country's economic and social development and must be based on existence of the physical and labor resources. Long-term credit is also included in the plans of enterprises and organizations as one of the sources for financing capital investments. In the course of planning long-term credits USSR Gosbank takes steps aimed at concentration of capital investments on construction projects and elements which are to be completed and are to be carried to the next year, and together with the farms it works out proposals for guaranteeing that projects are put into

operation by the dates that have been fixed, to reduce the amount of unfinished construction, and to reduce the stocks of uninstalled equipment.

The party's strategic course toward acceleration of the country's socioeconomic development dictates the need for a decisive transition to economic methods of guidance of enterprises and associations and for improvement of the finance-and-credit mechanism, including credit planning. In the light of the tasks of raising the level of planning of interrelated sectors, USSR Gosbank is taking steps toward **radical restructuring of the system of credit planning**. The procedure for planning credit separately for kolkhozes, sovkhozes, interfarm enterprises, and other organizations and for each ministry and department that is part of the system of USSR Gosagroprom has been changed and simplified, the credit plan is no longer broken down in detail by subbranches, and the economic grouping of recipients of credit financing has been reduced. Just in the stage of drafting plans for short-term crediting there has consequently been a substantial reduction in the number of computations (sevenfold) to be submitted by USSR Gosagroprom and used by USSR Gosbank in determining the planned need for credit. There has been a reduction in labor expenditures of the bank's personnel and financial services of entities for management of the agro-industrial complex.

A uniform procedure has now been worked out for short-term crediting of kolkhozes, sovkhozes, and other agricultural enterprises and organizations to cover physical inventories and production costs subject to the total standard amount of working capital. Accordingly, credit is issued to these farms from the loan account up to the planned amount of credit without being subdivided by purposes of the credit financing. This has made it possible to substantially consolidate the purposes of credit financing, to standardize the computations submitted by farms, to make the system of credit planning accessible and comprehensible both for the farms and also for administrative agencies of USSR Gosagroprom.

All the farms and administrative agencies in the system and also institutions of USSR Gosbank serving them have been involved in the compilation of credit plans in order to strengthen the economic accountability of associations, enterprises, organizations and associations in the system of USSR Gosagroprom for efficient use of their own resources and credit from USSR Gosbank.

The credits of USSR Gosbank are extended to cover physical inventories or production costs guaranteeing subsequent production of the product and repayment of the credit obtained on that basis; accordingly indebtedness under the loans cannot be separated from physical collateral, from the level of physical inventories.

USSR Gosbank does not accept the following for purposes of credit financing: excessive and unused inventories, nor stocks delivered in excess of the annual needs of production and stored without movement for more than

a year; products and other physical articles whose storage conditions do not guarantee their preservation; remainders of finished products not covered by sales contracts; nor outlays for primary cultivation of improved land not charged in good time to the production cost of cropping. Elimination of these physical articles and expenditures when the credit plan is being compiled forces the farms to take steps to reduce above-allowance inventories, to bring them down to the proportions that follow from the plan for development of the separate and interrelated sectors of the agro-industrial complex.

In order to determine the planned amount of credit agricultural enterprises make an annual calculation of the need for credit in a breakdown by quarters on the basis of planned costs, product yield, remainders of inventories of finished products and supplies covered by credit, and they submit this to the RAPO. The rayon agro-industrial associations and oblast, kray, and republic agroproms submit requests for credit and summary calculations of the planned amount of credit so as to take into account the credit needs of their subordinate enterprises and organizations to institutions of USSR Gosbank, copies going to superior administrative agencies.

In view of the fact that actual expenditures and product yield, and also inventories of finished goods and supplies, may deviate substantially from the figures given in the annual computation because of changes in the conditions of production, including weather conditions, adjustment of the quarterly breakdown of the plan is allowed. At the same time repayment of credit extended to cover costs of the current production cycle must be planned on the basis of the yield of the product and the rise in the standard level of own working capital up to the end of the calendar year.

Restructuring the work of USSR Gosbank on credit planning in the agro-industrial complex is aimed at making credit more effective, at achieving economically sound relations between the growth rates of credit and growth rates of the volume of production, and at fuller use of the production potential that has been built up.

The new rules for credit financing envisage a somewhat different procedure for the credit financing of kolkhozes, sovkhozes, and other enterprises in financial difficulties. If for a number of reasons the enterprise has delinquent indebtedness on loans obtained in the past, then the manager of the institution of USSR Gosbank may extend credit financing of that farm up to 60 days upon the substantiated representation of the agro-industrial enterprise. In certain cases the manager of the bank's institution may upon representation of the RAPO extend credit financing of the agricultural enterprise for another 30 days provides steps are taken to eliminate the delinquent indebtedness within that time. The RAPO and institutions of USSR Gosbank must, of course, extend maximum aid to such farms in eliminating the delinquency.

It should be noted that agriculture is being financed with credit on a differentiated basis. Lower-level institutions of USSR Gosbank have granted broader rights. If farms are successfully fulfilling their plans for accumulation, are preserving their own working capital, and are repaying credit, if they are not delinquent in making payments on loans, then such enterprises obtain certain benefits from USSR Gosbank. To be specific, the interest rate for use of short-term credits extended to cover production stocks and costs is cut in half. In addition, credits can be extended to such farms up to 1 July without their having to submit information and calculations as to the existence of collateral and without this being checked.

As for enterprises that have allowed serious shortcomings in their production and financial activity, steps are taken to exert economic pressure; specifically, the level of the rate of interest is raised by 50 percent, and there is a monthly check on use of the credit for the stated purpose. Such enterprises must be under the particular surveillance of the RAPO and institutions of USSR Gosbank. In certain cases institutions of USSR Gosbank may grant deferral of repayment of credit for a period up to 6 months to agricultural enterprises experiencing temporary financial difficulties and delinquent in repaying bank credit. The deferral is granted subject to specific measures toward repayment of the credit and guarantee of payment issued by the RAPO.

In view of the importance of timely payment of wages to agricultural workers, when certain agricultural enterprises submit substantiated requests and lack resources, institutions of USSR Gosbank may extend them credits to pay wages for a period up to 30 days.

The semiannual clearing of indebtedness between enterprises and organizations in the system of USSR Gosagroprom and issuance of credit for a term of 90 days to complete those settlements have great importance in regulating financial relations between enterprises and organizations. This operation requires advance preparation and coordinated action by economic, financial, and bookkeeping departments of USSR Gosagroprom and USSR Gosbank, as well as oversight over punctual repayment of the credit.

Financing and long-term credit financing of capital investments play an important role in carrying out the country's Food Program. The procedure of filling out the papers for financing construction in the agro-industrial complex has now been considerably simplified. Now enterprises and organizations submit to institutions of USSR Gosbank only the duly approved title lists of construction projects and the internal construction project list, the plan for financing capital investments, and the contract that has been let for capital construction. For its part USSR Gosbank has introduced a stricter procedure for financing new construction starts. Beginning in 1987 construction projects to be carried over are not accepted for financing if the limits of their capital investments

and construction and installation work have been assigned below what is required to complete their construction within the standard periods allowed.

Beginning this year a new procedure is established for planning long-term credits for capital investments. On the basis of requests and calculations of kolkhozes and sovkhozes and other enterprises, the RAPO works out the draft of the plan for long-term credit financing and submits it to departments of USSR Gosbank. This enhances the role of the RAPO and its responsibility for economically sound compilation of the plan.

The list of measures for which long-term credits are granted to farms has been substantially shortened. Previously it consisted of more than 40 purposes, but they have now been standardized, and credits are granted for 3 groups of measures. These are as follows: construction, expansion, reconstruction, and retooling of production facilities over the payoff period, but not to exceed 20 years with repayment beginning in the 5th year after the credit is granted; acquisition of agricultural equipment and other equipment for a term not to exceed 7 years with repayment beginning in the 3d year; and construction of nonproduction facilities for a term not to exceed 15 years with repayment beginning in the 5th year after the credit is received.

Long-term credits are not being committed on a priority basis to reconstruction and retooling of existing production buildings and installations, livestock-raising complexes and farms, for construction of facilities related to the storage and processing of farm products, production of animal feed, depots for storage and repair of equipment, etc. For example, in 1986 the country's sovkhozes and other agricultural enterprises were issued long-term credit for reconstruction and retooling in the amount of 385 million rubles, or 24 percent of total credit investments. By comparison with 1985 credit investments for these purposes on sovkhozes increased 42 percent. For example, the Minsk Margarine Plant retooled the shop for margarine production in 1985 with long-term credit in the amount of 1.4 million rubles. As a result output increased by 6,500 tons of margarine per year, and additional profit of 1.6 million rubles was obtained. The bank's credit was paid off in 10.6 months. Farms in the trust "Kharkovpitseprom" were in 1986 granted a long-term credit in the amount of 800,000 rubles for construction and reconstruction of poultry buildings, which will make it possible to increase the output of eggs for the market.

When institutions of USSR Gosbank are issuing credit and when enterprises and organizations are receiving it, they must clearly see the prospects of return from investment of the credits and prospects for its punctual repayment. Experience shows that constructive results were achieved whenever this approach was taken. In the years of the 11th Five-Year Plan, for example, kolkhozes

in Belgorod Oblast absorbed 973 million rubles of capital investments (while the plan called for 807 million rubles); 38 percent of this was financed with long-term credit and 52 percent from their own sources.

In the period 1983-1984 a great effort was made in the oblast to convert kolkhozes and sovkhozes to direct relations with milk procurement agencies. The volume of capital investments for these purposes from long-term credits amounted to 14.6 million rubles. The net income and profit from improvement of product quality was 71 million rubles over the last 4 years; that is, the investments made were repaid almost fivefold (in 10 months). Improvement of the quality of the milk arriving for processing helped to raise the economic indicators of the dairy industry's performance. For instance, according to the results for 1985 the increase in the volume of production and improvement of the quality of the raw material made it possible for enterprises in the dairy industry of the oblast to obtain 11.8 million rubles, which is 1.8-fold more than in 1982, that is, before transition to direct relations with kolkhozes and sovkhozes.

Beginning in 1985 a great effort has been made in the oblast at reconstruction and retooling of sugar plants. In 2 years 48.7 million rubles of capital investments were absorbed, including 12.3 million rubles of long-term credit and 4.8 million rubles of the centralized reserve fund of the agro-industrial complex. Reconstruction has yielded impressive results: Even in 1985 there was an increase in the output of granulated beet sugar (by 19,400 tons, or 6.6 percent, over 1984), losses of the raw material during storage were reduced (by 40,000 tons), and profit was obtained in the amount of 9.8 million rubles (against actual losses in 1984 amounting to 8.1 million rubles). In 11 months of 1986 the volume of sales rose 23.6 percent over the corresponding period of 1985. The granulated sugar obtained in 1985 from the same quantity of sugar beets was 18,200 tons greater (7.7 percent), and profit was improved by 26 million rubles (almost double).

At the same time construction of many projects is protracted. For instance, the Kirovograd Interfarm Hydrolysis and Yeast Plant, with an estimated cost of 36.3 million rubles, has been under construction since 1977; the work actually done as of the beginning of this year amounts to only 16.5 million rubles. The Marganets Interfarm Hydrolysis and Yeast Plant in Dnepropetrovsk Oblast has in 6 years received only 7 million rubles worth of work, or 36 percent of its estimated cost.

The principal reasons for the tardy activation of projects on farms of USSR Gosagroprom is failure to fulfill contractual obligations by contractors, the shortage of basic building materials, the rural manpower shortage, and holdups in delivery of equipment.

As for repayment of long-term credits, this is done out of the profit obtained, out of depreciation and other sources envisaged in the financial plans of kolkhozes, sovkhozes, and other enterprises and organizations.

In the process of long-term credit financing of capital investments and the financing of those projects there have been violations holding back construction. Funds for completion of construction have not been fully allocated for many projects included in the plan. Certain facilities are not taken into account in internal construction project title lists. For a number of facilities construction deadlines are not met, and substantial stocks of uninstalled equipment, including even imported equipment, are accumulated. And even the conditions under which that equipment is being kept are bad.

Punctual and complete availability of resources intended for financing capital investments has great importance in speeding up construction. But these requirements are not met by all kolkhozes, sovkhozes, and other enterprises. For instance, state enterprises of USSR Gosagroprom in 1986 fell 646 million rubles short in their own resources to be deposited in accounts for financing. In recent years kolkhozes have reduced the share of resources they allocate from net income to build up fixed capital. Whereas during the 9th Five-Year Plan it amounted to 55 percent of net income, the figure in the 10th was 48.5 percent, and in the 11th it was only 40.7 percent.

Every year certain farms do not transfer funds at all to increase fixed capital, which is in violation of the Model Kolkhoz Charter. In 1984 1,399 profitable kolkhozes failed to make transfers from net income to replenish the fixed capital part of the indivisible fund, and 2,391 farms failed to make provision for such transfers in the 1985 plan. The situation is similar in the current year as well.

Because of such violations settlement is held up for work done and for machines and equipment delivered. The contractors and suppliers in turn also delay settlement with other organizations. The result is a chain of non-payment which has an adverse effect on successful fulfillment of plans for capital investment.

As enterprises and organizations make the transition to self-support and self-financing, the role of bookkeeping as an effective instrument for combating mismanagement and wastefulness and for introducing the principles of true cost accounting and the collective contract is increasing considerably.

However, as shown by the actual state of affairs, the way bookkeeping is set up does not meet the present-day requirements for managing an economic entity on many kolkhozes, sovkhozes, and other enterprises in the agro-industrial complex. The personnel in accounting departments as a rule limit their activity to simply recording economic operations, without entering into the economics of the entity, and they do not initiate adoption of cost

accounting in subdivisions. Moreover, introduction of cost accounting and the collective contract within kolkhozes and sovkhozes is quite often held up because the organization of bookkeeping is itself unsatisfactory.

On many farms proper oversight does not exist over observance of the economy regime, over reduction of unproductive expenses and losses, for years calculations had not been checked, inventories were not taken, and recordkeeping in warehouses is neglected. All of this creates opportunities for theft, abuses, and loss of socialist property. For example, no inventory has been taken since 1980 at the sovkhoz-plant "Mileshty" in Nisporenskiy Rayon of MSSR and since 1984 on the "Zarya" Kolkhoz in Alatyrskiy Rayon of Chuvash ASSR. At the Teykovskiy Flour-Milling Plant in Ivanovo Oblast as of 1 October 1986, bookkeeping records show 871,000 rubles more of grain products than actually counted in the warehouse. The warehouse of the Yangiyulskiy Confectionery Association in Tashkent Oblast showed 1.7 million rubles less of finished products than shown in bookkeeping records.

Recordkeeping and monitoring of the status of settlement are especially poorly organized. In many cases periods of time for legal remedy are allowed to lapse because of neglect in the keeping of records, and large amounts of the farms' accounts receivable from suppliers or customers have to be written off to losses. For instance, at the Alma-Ata Fruit and Vegetable Facility losses from the writing off of debts amounted to about 500,000 rubles in 9 months of 1986. For the country's kolkhozes and sovkhozes as a whole 51 million rubles of accounts receivable and accounts payable were written off as losses in 1985.

Sizable amounts of working capital have proven to be "frozen" in accounts receivable on kolkhozes and sovkhozes of RSFSR (more than 1 billion rubles), UkSSR—700 million rubles, and UzSSR—400 million rubles. Accounts receivable for supply and sales organizations of USSR Gosagroprom exceed 1 billion rubles.

Many kolkhozes, sovkhozes, and other enterprises transfer resources intended for agricultural development "without payment" to other organizations, which makes their own financial condition more difficult. For example, by decision of the Dzhambul Oblast Soviet of People's Deputies on 1 March 1973, construction of the building of the Aktarskiy Village Soviet was to be financed from the local budget, but it was completed in 1981 with funds from the "Trudovoy Pakhar" Kolkhoz in Sverdlovskiy Rayon of Dzhambul Oblast (108,500 rubles were spent). In 1986 the resources of this kolkhoz were once again used to build a store, on which the expenditures were 395,400 rubles, which the Sverdlovskiy Rayon Consumer Union is to repay over 3 years beginning in 1986. But last year the funds were not reimbursed.

As a rule the withdrawal of resources from economic circulation is the principal cause of delinquent settlement of farms with USSR Gosbank and suppliers. As of the beginning of this year delinquent debts under short-term loans to USSR Gosbank and to suppliers exceeded 16 billion rubles for the enterprises and organizations of the agro-industrial complex, including 13 billion rubles for USSR Gosagroprom.

Institutions of USSR Gosbank through which all noncash settlements are made must also play a large role in the improvement of settlements. To be specific, its institutions and rayon agro-industrial associations must everywhere introduce the so-called "uniform financial settlement day," which has justified itself in practice. This measure makes it possible to prevent irregular operations concerning the settlements of farms and overpayment, while at the same time it makes it possible to substantially reduce accounts payable and accounts receivable of enterprises and organizations which are part of the agro-industrial association and nonpayment against loans of USSR Gosbank. Suppliers and customers are made more accountable for performance of contractual obligations. Institutions of USSR Gosbank are called upon to improve their monitoring of the punctuality of settlements of procurement organizations with kolkhozes and sovkhozes for the products sold to them. The economic monitoring effort concerning improvement of the settlements of enterprises and organizations of agro-industrial associations which is now being done will help to develop production relations between them and to strengthen the financial condition of kolkhozes, sovkhozes, and other enterprises and organizations and effectiveness in the use and prompt repayment of credits of USSR Gosbank.

But there are still many shortcomings in the work of institutions of USSR Gosbank, especially in the practice of credit financing. Quite often enterprises and organizations are unjustifiably granted short-term credits to cover mismanagement and losses. As a consequence, quite often, indeed as a rule, these credits go unrepaid. Ruble control on the part of the bank does not always work.

Measures are being taken to mechanize and automate bookkeeping and credit-economic operations in order to improve the effort of institutions of USSR Gosbank. For instance, in the years of the 11th Five-Year Plan 26 computer centers (25 computers based on cost-accounting data processing computer centers), 3 MVS's, and 14 departments of VT's and sections of data processing and computer centers for processing bank information. In the 12th Five-Year Plan there are plans to set up an additional 17 computer centers in offices of USSR Gosbank, to replace worn-out and obsolescent computers with up-to-date models of the YeS computer, to complete transition of computer centers of offices of USSR Gosbank to economic accountability, and to make the transition of all computer centers of offices of USSR Gosbank to the new conditions of planning and economic incentives.

Under the new conditions for the conduct of economic activity institutions of USSR Gosbank must closely coordinate their effort with authorities of USSR Gosagroprom and planning and financial agencies and provide more help, especially to struggling farms, in setting up their financial operation and in making the conversion to full cost accounting and self-financing.

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'Kuban' Agroindustrial Combine Operations Described

Director on Progress

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[Article by M. Lomach, general director, 'Kuban' Agroindustrial Combine: "Developing as a Unified Whole"]

[Text] Scientific-production systems, agrofirms, agroindustrial associations — we often hear these names. New forms of organizing labor and production have appeared in the countryside during the creation of an effective economic mechanism in the agroindustrial complex. Among them are agroindustrial combines, the number of which is increasing. There are now 29 such formations in operation. These include: the Ramenskiy in Moscow Oblast, the Volga in Volgograd Oblast, the Tosnenskiy in Leningrad Oblast, the Livny in Orel Oblast, the Donbass in Donetsk Oblast, the Zapadnyy Bug in Brest Oblast, the Samarkand in Samarkand Oblast, and the Issyk in Alma-Ata Oblast.

The first, the 'Kuban', was organized three years ago. SELSKAYA ZHIZN has already written about its origin. However, there is great interest in the new trail blazer's experience. Therefore, the newspaper again turns to practices at the 'Kuban'. M. M. Lomach describes them.

For workers at the Rossiya Kolkhoz it was unexpected but pleasant news: 108,000 rubles had just been entered onto the farm's current account. Some viewed it almost as if it had fallen from the sky. Of course, however, things turned out to be much simpler. The farm received the money because some of its free resources had been used — with the kolkhoz farmers' permission — for the combine's needs.

Here is how this works. Previously many farms and enterprises in the combine had received loans, for which they paid the bank considerable sums. Only those who had cash on hand and did not run for credits, obtained 0.5 percent interest from it. It was used by others at the

bank's discretion. Also, because a sizable part of enterprise profits were at the disposal of superior organizations, the question arises: were the labor collectives masters of their own money?

After the creation of the combine the situation changed radically. Just for last year's results farms and enterprises which had money were given 628,000 rubles. When one adds to this the full, uncut receipts from profitable work by each collective, income from interfarm enterprises and "victuals" from reducing payments for some purposes, then financial activities have been put in order. In short, it is as if the ruble got more expensive and started stimulating a responsible attitude towards work.

A responsible attitude. This, perhaps is the main motive for the system of organizational-economic measures approved at the combine. Its main components are: the combination of efforts by workers in all kolkhozes, sovkhozes, enterprises and organizations towards attaining good final results; self financing and the democratization of all aspects of life.

As is known, specific work is the criterion for the efficiency of organizational-economic change. In three years there has been considerably increased production, improved quality and reduced production costs at all sectors. Grain harvests have increased by 20 percent, meat production by more than 3, milk by 21, eggs by 25 percent and pond fish by almost 1.5 fold.

In general, all enterprises are working steadily. All have worked without losses, and have been on time and complete in their dealings with the bank. Last year profit for the combine as a whole increased by 12 million rubles, reaching 88 million. Output per worker increased from 12,500 to 13,700 rubles. There were considerable reductions in all sorts of losses and in animal deaths. Production costs declined. Indebtedness on Gosbank loans declined by almost 2 fold.

At farms, procurement and processing enterprises and construction projects they have started counting each kopeck and comparing incomes with expenses. Only three years ago money was spent with unusual ease, shortfalls were thoughtlessly covered with loans which were often used for other purposes. A popular formula was: "Reserves won't weigh down the pocket." For example, in 1985, when the combine was already in operation, but there was still inertia in the old ways, kolkhozes and sovkhozes acquired 13.9 million rubles worth of equipment and spare parts. Now, in 1988 they have ordered only 8 million worth, and some have been sold for a small sum outside the rayon.

Reductions in expenses and in unneeded spare parts were helped by the introduction of a system for wholesale trade in material goods. Kolkhozes and sovkhozes and other enterprises and organizations have started purchasing what they really need from Agrosnab. Today one can no longer talk about their wills being bound from

above. The introduction of normatives for material-technical supply was an important start on the road to self-financing. They are being worked out for all sectors. A point by point inventory of fixed and circulating capita preceded this work. As a result we could see through an economic prism what we have and what we need. It was no longer necessary to build many production facilities and we could get along without many operating ones.

Combine workers utilized many reserves for intensification and made them useful in all spheres. This was helped by the combination of 59 enterprises and organizations in 13 ministries and departments. All of them are operating under a single agroindustrial combine plans for production and the introduction of science and progressive experience, have common procedures for financing, making contributions to various funds and payments to the state budget. Previously, even elementary order was lacking here.

Now the combine produces most agricultural products and many foodstuffs on the basis of self-support. In this five-year plan we will almost completely eliminate state subsidies for the production of all agricultural products and consumer goods.

In improving its style the combine puts first priority upon economic methods of management. For three years now, all labor collectives, including industrial enterprises and the construction trust, have been using cost accounting (*khozraschet*) with the limit-check system for controlling expenses. The stricter economies made it possible to save 1.3 million rubles last year alone.

Common interests are ever more noticeably gaining top priority for enterprises and organizations in the combine. This is to a considerable degree promoted by intersectoral cost accounting. It is based upon many collectives having unified indicators developed by combine specialists. For example, the standard "sugar content" applies to farms and processing enterprises in the production-technological link "sugar beet plantation — plant". It is now simply unprofitable for *kolkhozes* and *sovkhozes* to increase total beet weight through dirt, trash and tops. Unified indicators have been established by the combine council for links producing and preparing grain, meat and milk.

The introduction of collective contracts has played a large role. They got a green light at all links in the combine, including management personnel. This has brought together the interests of command cadre and rank and file workers, something which previously had been a constraint in organizing contracts. Managers simply did not have an interest in working on troublesome but extremely important questions such as the mastery of cost accounting.

I think that every RAPO is capable of doing this. I only want to stress the need to set up, at all places, financial-accounting centers (FRTs) similar to ours. It has become a unique sort of "agroindustrial bank". Such centers have still not been set up at RAPO's. However, today it is simply impossible to live without an FRTs. The FRTs has been operating at our combine since October 1985. It is used by all enterprises and organizations to settle accounts with the bank, between each other and with outside clients. The center gives credits for production and other activities, using three centralized funds which are formed from the profits of farms and enterprises. Our account now totals about 16 million rubles.

Using computer terminals, specialists at the center balance accounts daily. Like a mirror, this reflects the economic situation of every labor collective and gives management specialists reliable and effective tools for production management.

Certain USSR Gosbank measures, which hinder our initiative and retard the combine's development, look all the more absurd in this atmosphere of heightened interests among "Kuban" workers. I have in mind attempts to retain the very drawn out and complicated process of construction project paper work and financing. Take large projects. Clearly, from all points of view it is more advantageous to pay not for the entire project at once, but for individual stages — as they are put into operation. However, here we meet bank resistance. We encountered much friction with it in regard to the financial-accounting center's work.

Hopefully, these questions will be solved by the establishment of the USSR Agroindustrial Bank. These include the problem of large fines for uninstalled equipment. The bank is still guided by construction time normatives which, inspite of logic, remain the same for new enterprises and ones being rebuilt and for those projects which are being introduced stage by stage.

Back during the organizational period we relied upon two fundamentally important points without which we could not have expected success. The first is that each labor collective is the master of its own profits, nobody has the right to curtail them. Second, all enterprises should have a solid and objective procedure for different types of payments into the state budget — these include an income tax for *kolkhozes*, deductions from profits, payments for funds, depreciation deductions, turnover tax, etc. for other enterprises.

There was no set pattern in these questions. Most importantly, however, there were not even hints of any procedure. Up to 85 percent of the profits from well run enterprises were confiscated, thus depriving them of incentives. At the same time, *kolkhozes* with profitability below 25 percent were freed from payments. In both cases imperfections in economic tools hurt both labor collectives and the state. Because of this, we introduced

a solid procedure for deductions to the budget. They were set within a range of 2.5 to 53 percent, depending upon the enterprise's financial condition.

The complications we had with selling products through our own trade network! The combine sets prices independently. They are declining. We think that this is a general direction in the combine's development. Quite a lot of nerves and strength are needed to "test" standards for a new product at local and central stages. Without this production will be costly. We once started producing an excellent bread using buttermilk. It was soft, tasty and longlasting. It immediately became popular. However, it fell into disfavor among workers at Gostorginspektzii [Main Administration for Inspecting the Quality of Goods and Trade, RSFSR]. Why? Because it did not come under existing standards. There were similar incidents with meat, milk and poultry products. The higher their quality the greater the difficulties in getting them on the shelves. Gostorginspektziya specialists exercise their "veto" imperturbably.

Yes, many GOST's [State standards] are now obsolete and need to be reexamined. However, why should production and the consumer suffer from these delays? Why are we, and not the controlling organizations obligated to revoke outdated standards and eliminate artificial barriers?

The combine was given the right to take its products to foreign markets and to use some of its earnings to purchase equipment. We need equipment for preparing and packaging meat products, ice cream, rolls, etc. Such equipment is not produced in our country. Because of the Ministry of Foreign Trade's unconstructive position the combine cannot purchase all the equipment it needs.

Undoubtedly, all these hinderances are delaying the combine's development. In spite of them, new production relations are developing here and showing their vitality. The future belongs to them.

To replace fragmented administrative-management units working towards intermediate rather than final results, we recently set up unified services and put them on full cost accounting. Mainly, however, we are taking basic measures to improve the use of our basic wealth — the land.

S & T Application

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[Article by I. Trubilin, correspondent member, VASKhNIL (All Union Academy of Agricultural Sciences (imeni V. I. Lenin) (Kuban SKhI) (Agriculture Institute)]

[Text] One of the promising directions for agroindustrial formations is to organize territorial integrated agroindustrial systems similar to the Kuban Agroindustrial

Combine. The idea for basing it upon a rural rayon agroindustrial complex arose from experiences at rayon agroindustrial associations. The scientific content of the combine's work is in complete accordance with the spirit of restructuring.

The broad scale economic experiment in Timashevskiy Rayon, Krasnodar Kray is attracting greater interest. It was helped not only by kray, but also central organizations and departments: USSR Gosagroprom and RSFSR Gosagroprom and VASKhNIL. Great scientific efforts from VASKhNIL and higher educational institutions in Krasnodar Kray assisted in scientific support. To handle these tasks a special scientific-technical council was set up to conduct planned organizational work.

The 'Kuban' differs from an ordinary RAPO in that here the departmental combination of enterprises in various sectors is supplemented by their organizational association. Effective tools were created for economic and administrative influence upon all elements of production and trade.

The combine's formation was essentially completed in 1986. It now consists of 60 enterprises and organizations in agriculture, the processing industry, construction and trade. There are more than 32,000 workers. Its land area totals 151,000 hectares, including 110,000 hectares of arable land. Fixed capital is 610 million rubles, including 340 million rubles of fixed productive capital for agricultural purposes. A steady program is under way to technically reequip and reconstruct the combine's enterprises. In 1985-1986 the Timashevskiy sugar refinery, the Dagomysskaya and Adlerskaya tea factories and two facilities for producing sausages and smoked meats (20 tons daily) were rebuilt. The fish processing facility is being expanded and there were increases in capacity for processing fruits and vegetables. All this was done by the combine's own efforts and with its own sources of financing. Prices for services provided to agriculture correspond to actual expenses. More economically substantiated conditions are being introduced for delivering raw materials to processing enterprises.

In accordance with existing statutes the combine has the possibility of maneuvering its work force. If the need arises it sends workers and equipment to help kolkhozes and sovkhoses in specific work, and when labor resources and equipment at kolkhozes and sovkhoses are freed from agricultural work they are sent, under the same conditions, to help industrial enterprises in the combine, if they are needed. Naturally, this cooperation is based upon cost accounting.

People at the combine have started paying more attention to production wastes. Waste free technology is being introduced. For example, in 1986 alone 5,900 square meters of fiber board were made from previously wasted hemp stalks. This is good material for producing built-in furniture.

Social-economic questions are also being successfully solved at the combine. Some results in 1986: 26,600 square meters of housing, preschool institutions for 255 children, 404 apartments were equipped for gas and 20 kilometers of road built. Other improvements in living conditions were also made. There is basis to assume that the combine will complete the program for providing each family with its own apartment.

To the USSR Gosbank departments servicing it, the 'Kuban' acts as a single organism, opening current and other accounts. Settlements between enterprises and organizations in the combine are made through its financial accounts center. This simplifies the balancing of accounts and permits kolkhozes and sovkhozes and other enterprises and organizations to avoid many instructions which are not always sufficiently well based and to use free resources from some enterprises provided subsidized financing to others.

A large role in the combine's development is played by the right it has been given to collaborate and have direct ties with economic enterprises and organizations in CEMA countries and Yugoslavia covering science, technology and production cooperation, to meet state plans, solve questions concerning the implementation of international and economic contracts and to exchange experience in organizing and improving production.

The democratization of management is an effective tool. All enterprises and organizations in the combine retain their legal independence. The combine is managed by a council consisting of managers from subordinate enterprises. The council chairman is general director. Unity of command is successfully combined with the democratic character of management. The general director and the council independently solve questions in labor productivity and payments, right up to setting personal raises in wages.

Wide rights have been granted in scientific-technical progress. Forecasts are being made for the most important problems in the processing industry and in supplying it with agricultural raw materials. During 1986 the production of 37 new products was mastered, including 16 meat and sausage and smoked items and 11 canned products. A larger share of products are in the higher categories. The production of various types of tableware has begun.

The combine has the right to stop production of obsolete and unpopular items and, upon agreement with the customer, to produce products of higher quality than existing standards and technical conditions.

The 'Kuban' sells some of its finished products through its own trade network at prices set by the combine council. In 1986 new stores opened in Sochi, Adler, Dagomys and in Timashevskiy Rayon. At present the combine has 17 permanent stores and 7 food service enterprises. This channel's total sales were 37.7 million

rubles, or 2.6 fold more than in 1985. Sales included 4,100 tons of fruit and vegetables, 7,500 tons of meat and meat products, 500 tons of tea, 250 tons of fish, etc. High quality assures increased demand.

The additional incomes obtained from selling products at prices set by the council made it possible in 1986 to reduce state budget subsidies by 7.2 million rubles (compensation for the difference between purchase and wholesale prices).

The advantages of cooperation with personal subsidiary operations are widely utilized. The combine sells kolkhoz farmers and sovkhoz workers young animals and poultry, partly supplies them with feed and purchases surplus output.

The combine was given a lot of independence in construction. It set up its own construction trust and major construction administration, including a design institute. These services undertook the entire volume of construction-installation work. As a result, in 1986, 74.6 million rubles of capital investments were used, almost 2 fold the 1985 level. Construction-installation volume exceeded 27.6 million rubles.

A session of the Krasnodar Kray Council of People's Deputies approved a program for the introduction of scientific-technical achievements in the kray's APK. It specifies the main directions for scientific support to the 'Kuban' Combine:

Improve and introduce progressive technology in crop production, including intensive and resource conserving technologies;

Protect and improve soil fertility;

Improve and introduce progressive technology in animal husbandry;

Breed and introduce new, highly productive crop varieties and animal breeds;

Improve and introduce intersectoral and intrafarm accounting, planning and the payment and organization of labor and management;

Solve ecological problems in the agroindustrial combine's development.

Specialized groups of scientists, which have assumed patronage over specific farms in the kray, are involved in improving and introducing intensive technologies.

Thus, in 1985 6 curator scientific groups were set up at the 'Kuban' SKhI to give practical assistance to farms in 6 rayons in which most of the 'Kuban' is located. Associates from the institute are assigned to each farm.

They provide assistance in introducing all intensive technology. Workers are responding to this scientific assistance with great warmth and gratitude.

In 1986 intensive technology was used on 1.6 million hectare of grain crops in the Kray. This includes 1,105,000 hectares of winter wheat with yields averaging 44.8 quintals per hectare. Intensive technology increased yields by 10.3 quintals per hectare.

Farms in the combine are working on techniques to obtain two crops of irrigated grain annually. In 1986 at the Iskra Kolkhoz 250 hectares of winter wheat averaged 51.4 quintals per hectare. After this was harvested, corn was planted. It yielded 32 quintals per hectare. Yields thus reached 83.4 quintals per hectare. The combine has over 12,000 hectares of irrigated land, so this method will be used on sizable areas in the years ahead.

Much attention is given to intensive technology for growing sugar beets. In 1986 new technology was used on 5,000 hectares planted to this crop. Yields increased by 55 quintals per hectare, labor inputs declined 1.5 to 2 fold and profitability increased from 96 to 126 percent. Extensive research is also under way to improve the technology for growing alfalfa, produce, feed and other crops.

Scientific research institutions in the kray are working more actively to breed and introduce highly productive varieties and hybrids meeting the requirements for intensive crop production. Winter wheat varieties bred at the Krasnodar Scientific Research Institute for Agriculture occupy 75 percent of the planted area, including new varieties on 51 percent.

The All-Union Scientific Research Institute for Oil Crops has created a number of highly productive varieties of sunflowers with comprehensive resistance to disease and pests.

Special attention was given to more activate scientific research on improving the fertility of soils in the 'Kuban'. This problem is becoming more acute with each passing year because nutrient content in the kray's soils is declining. It is intended that by 1990 each kolkhoz and sovkhoz will introduce scientifically based crop production systems. Reserves are great here. Take the introduction of scientifically based crop rotations and their use as the basis for rational cropping structures. This makes it possible to retain and improve soil fertility and, at the same time, strengthen the feed base for animal husbandry.

The crop production system the 'Kuban' SKhI worked out for Kannevskiy Rayon not only makes it possible to halt the decline in the soil's natural fertility, but to even create conditions for improving it and assuring a steady improvement in yields. The area planted to grain crops remains unchanged, while there are increases in the gross

harvest of all crops, including feed crops. Crop production systems for farms in the Kuban combine are also being completed. According to calculations their introduction will improve agricultural production more than 20 percent.

Special attention was given to scientific support for irrigated agriculture. Sizable resources have been invested in reclamation construction in the 'Kuban'. However, irrigated agriculture is developing mainly on an extensive basis. Scientists in the kray have completed the development of zonal systems for irrigated agriculture.

There should also be thorough improvements in scientific support for animal husbandry in the kray, even though positive changes have occurred in this sector. Milk production per forage cow in 1986 was 3,177 kg, while milk and meat production increased 5 and 10 percent compared to 1985. In recent years scientists at the North Caucasus Scientific Research Institute and the Kuban SKhI, jointly with specialists, have created a herd (more than 200,000 head) of improved Red Steppe cattle through crossing with Red Danish and Angler breeds. This herd is the basis for the formation of a zonal type of Red Steppe breed. Intensive type dairy breeds are also being introduced: Black Spotted, Holstein-Friesian and Ayrshire. By the end of the 12th Five-Year Plan these should make up 30 percent of the total herd in the kray, compared to 10 percent in 1986.

A zonal type of Black Spotted cow is being created producing 5,500 to 6,000 kg of milk with 3.7-3.8 percent fat content. Holsteinized cattle are being bred at the Kubanets and Timashevskiy Sovkhoz, part of the 'Kuban' Combine. Cow productivity (on the respective farms) is 4,846 and 4,579 kg. Work has begun on the production introduction of embryo transplants, this will considerably improve the use of highly productive animals' genetic potentials.

Scientific institutions in the kray have expanded research and are introducing progressive technology for producing animal products on the Kuban's farms. Intensive technology for raising and feeding cattle, which will assure that bulls reach 600 kg at 18-20 months has been developed by the Kuban SKhI and is being introduced at the Timashevskiy Interfarm enterprise for cattle feeding.

Hog feeding in darkened hog houses has been introduced at the Industrialnyy Sovkhoz. The animals' weight gain is increasing by 12-15 percent. This very large hog raising complex is annually supplied with breed sows from a line developed by scientists at the Kuban SKhI. Scientists in the kray have developed a new group of meat type hogs (SM-1) with high productivity indicators (weight gain up by 5-8 percent). After mastering the feeding of this type of hog, the Industrialnyy Sovkhoz attained the highest hog productivity indicator in the combine: a 634 gram daily weight gain.

However, in spite of all the importance in introducing innovative equipment and techniques, science's main task remains the development of a reliable anticost economic management mechanism. Only then can all the technical achievements be successfully implemented. Therefore, jointly with the combine's management and the All-Russian Scientific Research Institute for Agricultural Economics, Labor and Management (VNIE-TUSKh) the Kuban CKhI has set up a specialized group of scientists.

There has already been work on questions of cost accounting relations between kolkhozes and sovkhozes and the sugar refinery. The refinery is now paying farms for beet sugar content rather than weight. Work is being done on relations between kolkhozes and sovkhozes and the hemp processing plant, the oil processing plant, the mixed feed plant and the meat combine.

The Normative distribution of plans for selling agricultural products to the state have been introduced.

Extensive work is being done to improve material incentives to kolkhoz farmers and sovkhoz workers. These are based upon the introduction of collective contracts as a higher form of intrafarm account. Contracts and cost accounting are combined with limit-check forms of cost control. All this made it possible to reduce costs by 2 million rubles compared to established limits.

Cost normatives for producing various agricultural products, taking farm characteristics into consideration, have been prepared and are undergoing confirmation. They are oriented towards the normative method of planning activities. Research is also being expanded on information support for operational management using aircraft, satellite and ground observation of land and crop conditions. This is being done by the North Caucasus Branch of the All-Union Scientific Research Center AIUC [Automated Information Management System] — Agro-resources.

We expect quite big results from the full mastery of a sectoral management structure, which will make it possible to completely enlist specialists in production organization. At present 73 farms in the kray now have a sectoral structure. For several years now the Iskra Kolkhoz, part of the 'Kuban' combine, has had a sectoral structure. As a result it is steadily increasing production, has considerably reduced management costs and is successfully fulfilling production and state sales plans. In 1986 farm profitability was 41.4 percent.

With the help of specially formed groups of scientists, the 'Kuban' combine is striving to fuse the advantages of socialism and scientific-technical progress. The experience acquired is evidence of this idea's fruitfulness. The year 1986 is essentially the first year in which the combine worked with a more or less adjusted economic

management mechanism responsive to the tasks of the experiment's large scale introduction, or, more accurately, this is the year that restructuring was completed, and that only in its basic form.

The common interest of those who produce, procure and process products made possible a marked improvement in quality. The combine delivered the state 127,000 tons of strong wheat; all sunflower seeds had high oil content; 92.5 percent of fruit and vegetables met standards; 95 percent of the milk was grade A and 64 percent of livestock were in a high state of nourishment. The combine received 18 million rubles just because its products were high quality.

The combine still has considerable reserves for further improving all economic indicators. According to scientists, crop producers have real possibilities for consistently obtaining 55-60 quintals per hectare of winter wheat, 60-65 of barley and up to 70 quintals per hectare of grain corn. Scientific work is under way to obtain two crops from irrigated land, thus increasing annual output to 100 feed units per hectare.

Unevenness in crop yields persists year after year. There are also sizable fluctuations in animal productivity. There is a 1,694 kg gap in milk production per cow. This is intolerable, given the conditions in Timashevskiy Rayon. There are also large differences in production costs and labor productivity.

This is a good place to say something about prices for mixed feeds, fertilizers and herbicides. Their use raises product costs. The combine is trying on its own to solve many of the problems due to expensive industrially produced material means of production. There has been a considerable expansion in the assortment of mixed feeds, the vetsanutilzavod [Possibly: facility for using slaughterhouse waste products] has been reequipped. It will produce more than 2,000 tons of meat and bone meal annually. The combine also plans to begin production of its own protein-vitamin additives, which are very costly.

There must be quick solutions to economic problems in the operation of large animal production complexes, especially for hogs.

It is necessary to further improve and set solid normatives for centralizing the resources of enterprises in the combine.

At its 2 October 1986 session the CPSU Central Committee Politburo noted positive work results at the 'Kuban' Combine in Krasnodar Kray and approved the proposal to create another 14 such combines in the RSFSR, the UkSSR and the BSSR. It was also considered advisable in the future to create, as an experiment, agroindustrial combines in other republics, krais and oblasts.

The acceleration of scientific-technical progress, the introduction of intensive techniques into agriculture and the development of 'Kuban' Combine type agroindustrial formations are evidence of the need to improve its work. This will promote the very rapid establishment of new agro-industrial combines.

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Transition to Self-Financing Impeded

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[Article by A. Okhapkin, director of the All-Russian Scientific Research Institute of Economics, Labor and Administration in Agriculture and Doctor of Economic Sciences; A. Katorgin, head of a sector and Candidate of Economic Sciences; M. Ratgauz, department head and Doctor of Economic Sciences.

[Text] Today the collective contract has become a mass phenomenon. It is being employed by tens of thousands of work collectives, since it makes it possible to realize more fully the "human factor" — a most important lever for improving the economy. Unfortunately however, the desired results have not been achieved in all areas.

One of the reasons — formalism in the introduction of a contract and cost accounting (khozraschet) and this is often explained by incompetence on the part of the leaders and specialists of farms, RAPO's [rayon agro-industrial associations] and oblast agro-industrial committees. Judge for yourself: according to a questionnaire completed by 421 chairmen, chief agronomists and economists of RAPO's, only 176 displayed an interest in a contract or in the process for introducing them into operations, while the remainder viewed them on a case by case basis as needed or did not concern themselves with them whatsoever.

This is obviously explained by the fact that the introduction of a contract, which must be based upon thorough and high quality restructuring of the socio-economic relationships between a worker, collective and enterprise, is quite often replaced by the use of certain of its external attributes: forms for issuing advances, coefficients of labor participation, the contract and some others.

On some farms, it appears at first glance that a contract has been introduced into operations, when in actuality only certain elements of a contract are in use.

The introduction of a contract is most often associated with the use, prior to accounting for output, of a periodic advance or collective piece-work. Collectives which have individual piece-work advances are not associated with contracts. And is this correct from a substantive standpoint? Does the form for issuing advances really include

the essence of a contract? I do not believe so. It is based upon material interest in the final results of labor. If it exists, then it can be assumed that a contract was introduced.

All questions concerned with the formation and functioning of collectives on a contractual basis are mutually related. At the present time, based upon scientific studies and a summary of many years of experience, requirements have been developed for the correct organization of such collectives.

One such requirement is a functional division of labor for machine operators within the framework of an enterprise. At the present time, practically in all areas, machine operators are working not only out on the fields but also in transporting freight, providing services for livestock breeding, construction and so forth. The proportion of such tasks is 50-60 percent. Moreover, they are being carried out not only during periods of time free of field work but also simultaneously with such work. From an organizational standpoint, machine operators and equipment employed mainly for this work should ideally be assigned to specialized subunits. This enables a collective which is operating on the basis of a contract to develop a more uniform production program, to optimize its size, to improve the selection of machine operators for the principal production on the basis of business-like and socio-psychological characteristics and, finally, to increase the production workloads per machine operator by increasing their participation in the carrying out of field work.

And it must not fall lower than 60 percent during the field work period. However, there are presently many contractual collectives in which the employment is less. If we make a judgment based upon the volumes of so-called unusual functions, then during the creation of contractual collectives from 30 to 50 percent of the machine operators must be transferred over to subunits which are not directly associated with the carrying out of field work. By this means the workload per machine operator can be increased by a factor of 1.5-2. For the RSFSR, it has actually increased by an average of 20 percent.

Overall, this leads to a low employment of an overwhelming majority of machine operators out on their own fields and to their being diverted to other types of work and this diminishes the fund for the issuing of advances and thereafter the incentive payments based upon final work results. Experience has shown that in the case of a low arable land workload per machine operator, it is difficult to ensure a rational wage structure for a collective contract and particularly the required amount of additional payments and bonuses for output. At the same time, after increasing the arable land workload it is possible to increase the amount of incentive payments for a machine operator to 400-500 rubles, or by a factor of 1.5-1.8 compared to the existing level.

A functional division of labor is a very important and possible reserve for raising the employment of machine operators in contractual collectives. A solution for this task ensures the assignment to brigades and teams of crops having different periods for the carrying out of work and the group assignment of equipment to 2-3 machine operators. As a result, one machine operator is able to operate, as dictated by the needs, a caterpillar track or wheeled tractor or a self-propelled combine. As a result of these factors, the degree of employment can be raised by 40-50 percent and labor productivity can be raised considerably.

Special attention must be given to a correct selection of crops, since this will define the production program for a team or a brigade and all of their remaining parameters. If the combination of crops is not a successful one, then subsequently no other measures of an organizational nature will succeed in compensating for this shortcoming, one which was programmed during the period in which the collective was formed.

Here it is necessary to observe two principal requirements. First of all, the areas for each crop must be adequate for ensuring the formation, within the limits of the permanent collective, of temporary subunits considered to be proper from the standpoint of size and composition. Secondly, the schedules for the carrying out of work, especially labor-intensive operations, must not coincide. Such experience has been accumulated in recent years at the Put K Kommunizmu Kolkhoz in Istrinskiy Rayon, the Pyshlitskiy Sovkhoz in Shaturskiy Rayon and at the Put Lenina Kolkhoz in Stupinskiy Rayon in Moscow Oblast, where the crops cultivated on the farms were assigned to various brigades.

Such an approach for the formation of a production program for a team or brigade, based upon use of a contract, appears to us to be quite promising. It makes it possible to raise considerably the technological independence of a collective, since the specialized equipment is assigned completely to one of the brigades, while a limitation on the number of crops under cultivation promotes growth in the specialization of machine operators.

Up until now, the scientists and specialists have not shared a common opinion concerning the number of individuals required for the formation of a contractual collective. According to data supplies by the USSR TsSU [Central Statistical Administration], the average size for contractual formations in 1983 was 35, in 1984 — 33 and in 1985 — 27 individuals. There have been frequent instances when the structure of a contractual collective included 40-60 or more workers. Meanwhile, our studies and practical generalizations reveal that the size must be on the order of 8-10 individuals for a restrained and 14-18 for an unrestrained leader. Unfortunately, many economic executives and specialists of various ranks still do not possess an adequate understanding of the effect generated by the size of a collective on its operational

results. Of 110 chief agronomists of RAPO's who were interrogated, almost one half believe that the size of a collective has no bearing on its successful operation. Studies have shown that this opinion is wrong.

An active search is underway at the present time for rational forms for organizing labor in connection with the mass introduction of a contract and cost accounting. One trend in the carrying out of this search — KIT's [kollektivny intensivnogo truda; intensive labor collectives]. This problem is being studied in a somewhat different direction at the All-Russian Scientific Research Institute of Economics, Labor and Administration in Agriculture.

We believe that the KITs can vary according to size. It is our opinion that with the mass spread of contractual collectives consisting of 3-5 individuals, a whole series of difficult to solve organizational problems will arise, problems which cannot be foreseen at the present time. For example, in order to ensure the employment of workers, a need will appear for utilizing several technologically different crops involving different schedules for the carrying out of work and this in turn will lead to a subdividing of the sowings, disorganization in the existing system of land utilization and to a disruption in the crop rotation plans.

Given the existing machine-tractor pool, the creation of small collectives leads to an artificial shortage of machines, insufficient workloads for them, to intensive interaction among these collectives and to low production independence. Difficulties will be encountered in providing technical, transport and cultural-domestic services. Serious problems will arise in connection with the post-harvest processing of products, since on many farms the grain threshing floors, grain dryers and potato sorting points have all been centralized.

In this regard, it is not believed that there is any basis for countering the use of intensive labor collectives with other forms and types of contractual subunits. The conditions for the productive activities of kolkhozes and sovkhozes are diverse and this predetermines the need for the use of various forms for organizing labor. This is borne out by operational experience. For example, high results are being achieved with a selection of crops by completely mechanized teams at the Kolkhoz imeni Frunze in Belgorod Oblast. At the Kazminskiy Kolkhoz in Stavropol Kray, specialized brigades for the cultivation of individual crops constitute the principal structural unit. Machine operator brigades for an assigned crop rotation plan have been in operation for a number of years at the Communist Kolkhoz in Nikolayev Oblast. At the Mir Kolkhoz in Kalinin Oblast, mechanized teams with a limited selection of crops have been employing the collective contract. Moreover, the these collectives differ noticeably in terms of size. Notwithstanding these differences however, all of them have

favorable organizational conditions at their disposal for employing a contract and cost accounting and for raising the efficiency of social production.

There can be no doubt regarding the need for combining the collective contract and cost accounting. The question remains as to how best to utilize the advantages of both and merge them into a single cost accounting-contractual mechanism for organizing intra-organizational socioeconomic relationships.

At the present time, the relationships of a contractual collective with the board of a sovkhoz (kolkhoz administration) suffer from the well known one-sided approach. Such relationships are developing in an unsatisfactory manner between the contractual collectives and other principal and auxiliary service subunits (repair, motor transport and others). Here an important principle of cost accounting — that of economic responsibility for the carrying out of cost accounting tasks — is for all practical purposes not in operation. Since contractual subunits are often released from responsibility for having to observe a production expenditure limit, they are not interested in strict control over the work of their partners, especially with regard to the volumes and costs for services. An opportunity is being created for artificially inflating the amount of services and other abuses. Moreover, the interests of collectives of auxiliary and service subunits are concentrated on carrying out local and intermediate operations which affect to only a minor degree the final production results. Thus the need for developing intra-organizational cost accounting relationships is an important economic prerequisite for the introduction of contracts on a mass scale.

The value of combining cost accounting and a contract is not limited to this factor. Cost accounting is not merely an economic base upon which a contract is developed. These are managerial methods which mutually complement one another. And it is only when they are employed simultaneously that the potential embodied in both cost accounting and a contract is utilized most fully.

What must be done in order to eliminate formal cost accounting? Conditions must be created for fully realizing its well known principles of operational-economic independence, reimbursement for expenditures, material interest in the results of cost accounting operations, material responsibility for the carrying out of cost accounting tasks and monetary control over the correct use of resources — "control over the ruble."

Unfortunately, as yet insufficient use is being made of the mentioned principles in actual practice. Thus the chief task is that of raising the intra-organizational cost accounting relationships to a level such that each principle of cost accounting would be utilized to maximum advantage. For example, let us take the matter of stimulating a savings in expenditures. In the RSFSR, these

payments constitute less than one percent of the annual wage fund. In such a situation, there is no need for mentioning proper material interest in the results of cost accounting operations.

In order to eliminate this serious shortcoming, it will be necessary first of all to examine the question of selecting the indicators for stimulating labor collectives. As a rule, over-fulfillment of the production plan for agricultural products serves as just such an indicator. Here the bonuses are computed regardless of dependence upon observance by a collective of the limits for production expenditures. In essence, this stimulates output growth at any cost. Thus a search should be carried out for new approaches for evaluating and stimulating labor collectives, approaches which satisfy to a maximum degree the requirements of intra-organizational accounting.

In this regard, mention should be made of the possibility of stimulating labor based upon gross income, which recently has entered into more widespread use. This has been employed successfully for more than one year at the kolkhozes Kazminskiy in Stavropol Kray, Za Mir in the Lithuanian SSR and imeni Karl Marks in Voronezh Oblast. This payment has revealed positive results at kolkhozes in Kinel'skiy Rayon in Kuybyshev Oblast, Oktyabr'skiy Rayon in Kursk Oblast and in other regions of the Russian Federation.

At the present time, two approaches have developed for stimulating labor based upon gross income — evaluative and resultant (residual).

The chief feature of the evaluative approach lies in the fact that the collective of each subunit is stimulated depending upon the conditional (computed) gross income created for it. The indicator computed in this manner reflects the difference for the specific subunit. Such a method for stimulation interests a collective in output growth, in improving the quality of output and in lowering expenditures. Moreover, this method is not associated with the true financial status of a farm. Thus it is available for any kolkhoz or sovkhoz, regardless of its economic status. The chief condition for its introduction — sound intra-organizational planning and trustworthy accounting for output and expenditures by each subunit.

The resultant or residual approach is more justified for realizing the principles of self-support and self-financing. The essence of this approach lies in the fact that the collective of an enterprise solves independently the question concerned with the distribution of the gross income which truly developed during a given year for consumption and savings. Moreover, because of the conditions of self-support the consumption fund can be decreased (but not lower than the wage level guaranteed by the state and taking into account the bonuses for length of service and others as set forth in the wage statute. The overall

amount of funds set forth by the collective of an enterprise for issuing work awards is distributed among the subunits taking into account the indicators for their cost accounting operations.

A comparison of the evaluative and resultant approaches reveals that the former operates within the framework of a separate local subunit, while the latter encompasses the totality of workers on a farm. In the case of the evaluative means, the anti-expenditure method is employed only in connection with current expenditures (and even then not completely) and for the resultant method — for all expenditures, including those associated with the expanded reproduction of capital.

A further strengthening and development of cost accounting relationships at kolkhozes and sovkhozes requires an intensification in the material responsibility of production subunits and functional services for the carrying out of cost accounting tasks and for the damage inflicted by them on other subunits or upon a farm on the whole, in the event of non-fulfillment of their obligations (non-delivery of feed, seed or young livestock, poor quality of repair work and so forth). Towards this end, it is recommended that cost accounting claims be presented.

Claims against cost accounting subunits are satisfied by applying the total amount of damage to a reduction in the value of the gross output (work) or an increase in output (work) expenditures of the subunit to which the cost accounting claims were presented. Accordingly, the gross output value is increased or the output (work) expenditures are decreased by this same amount for the subunit which sustained the damage.

One important trend in the development of cost accounting is that of improvements in planning. A sign of efficient cost accounting is the presence of a sound task for the output or work volume (with quality taken into account) and an expenditure limit (normative). But it is not enough for such planned tasks to simply be available. They must be objective and realistic for the particular labor collective and they must take into account the specific natural-economic conditions concerned with its operations. The requirement for valid cost accounting tasks must be upheld in a consistent manner when mastering the normative method for planning production and expenditures. One feature of this method is the fact that the appropriate production indicator is determined based upon stable normatives. For example, the norms for cropping power take into account such objective factors as the points for an economic evaluation of land, the amount of fertilizer applied, the availability of equipment and others.

The normative method has proved its worth in a positive manner in connection with determining the cost accounting tasks for the expenditure level for the production of goods. In addition to raising the validity of

the expenditure limits, it also promotes a reduction in the labor-intensiveness of plan computations and the timely delivery of cost accounting tasks to subunits.

When organizing efficient intra-organizational accounting and collective contracts, great importance is attached to accounting for and exercising operational control over the work of subunits. Quite often, owing to an unsatisfactory accounting system and the absence of systematic control, the results of cost accounting operations are very late in being summarized and do not reflect the true contribution by a specific collective towards the final results of management.

Therefore the introduction of intra-organizational accounting must be combined with ensuring timely and high quality accounting for each production subunit, in terms of an entire range of indicators set forth in the cost accounting task. A comparison of the planned accounting indicators must also be ensured.

This requirement applies mainly to internally produced products (feed, seed) that are consumed and to purchased materials. Quite often, use is not made in actual practice of unified planning-accounting prices. In the bookkeeping department, the expenditures are taken into account on the basis of one set of prices and in the planning department — another set. As a result, laborious recomputations must be carried out at the end of the year. In many instances, they are not carried out and then the results of comparing the planned (normative) and actual expenditures are distorted and this undermines the essence of cost accounting. This cannot be tolerated.

And finally, serious attention should be given to the introduction of the check form of operational control, especially over the observance of the expenditure limits for fuel, objects which are of low value and which deteriorate rapidly, spare parts, implements, medications, preparations and a number of other resources consumed during the course of work on farms and in brigades. This form is also being used for the mutual accounts of subunits for services, for deliveries of feed and materials and so forth.

The check form of control enables the leaders of subunits, when carrying out the production process, to obtain operational information on the use of expenditure limits and, at the end of the process, to have data available on the savings realized or on an over-expenditure of resources.

Thus, in our opinion, these are the principal conditions associated with improving the economic mechanism for management within an enterprise and for achieving the most effective use of its methods under modern conditions.

Vologda Oblast Chairman, Managers on Experiment

18240002 Moscow PRAVDA in Russian 15 Sep 87 p 2

[Article by V. Somov, Vologda Oblast: "A Full Range of Stimuli Needed"]

[Text] *Two years ago an experiment was started in Vologda Oblast in connection with improving the economic mechanism within the agroprom. The essence of this experiment — thorough mastering of cost accounting [khozraschet] procedures, conversion over to normative planning and the rejection of administrative control methods.*

What have been the initial operational results from this new system? Have the rayon and oblast agroproms [agro-industrial committees] succeeded in finding their places within the cost accounting mechanism? A PRAVDA correspondent asked the chairman of the oblast agro-industrial committee L. Vologdina to discuss these matters. The leaders of a number of Vologda farms participated in this discussion.

[Question] To what extent are you satisfied with the results of the experiment?

[Answer] Frankly speaking, we experienced only a few successes. Certainly, we did not stand idle and there has been some progress. For example, the grain crop productivity increased by 5 quintals compared to the average level for the last five-year plan. The milk yields per cow increased by 270 kilograms. Last year the rate of growth for labor productivity increased by twofold. But at the same time, instead of declining the production costs increased. Although there were fewer unprofitable farms, nevertheless the profitability level within the oblast's agroprom turned out to be lower than the figure anticipated. For example, flax production became an unprofitable branch rather than a profitable one. The chief goal of the experiment has still not been achieved — the kolkhozes and sovkhoses have not acquired complete economic independence. The economic levers and stimuli are only being employed to one half of their capability and some are not being utilized whatsoever.

[Question] In your opinion, what levers are not being employed?

[Answer] Initially it seemed that it was enough to allow the kolkhozes and sovkhoses to plan their work in accordance with the norms for their resource potential and that this would solve many problems. It seemed that a fair and realistic plan would create favorable conditions for management. But this important regulator required other regulating factors as well — factors such as price, profit and credit. Today they are only weakly stimulating production. For example, the purchase prices are not reflecting the true expenditures. Potato production is unprofitable on a majority of the farms in our zone. Milk furnishes almost no profit whatsoever.

Meanwhile, under our conditions pork and broilers ensure a profitability of 50-70 percent. The profitable and unprofitable branches are clearly discernible. If the purchase prices are reexamined from the standpoint of redistribution, then it is our opinion that these distortions can be smoothed out considerably. The oblast agroprom [agro-industrial committee] submitted such proposals to the RSFSR Goskomsen [State Committee on Prices] and to other republic and union organizations. We were not supported in this regard. Meanwhile the prices as leading stimuli must be flexible and react in an efficient manner to the production situation.

[Question] The primary element of agroprom administration is the RAPO [rayon agro-industrial association]. How are these associations participating in the new economic mechanism?

[Answer] This is a difficult question. Indeed, the mechanism itself is still being worked out and the RAPO's are still far from perfection. True, many of them are striving to avoid the administrative control methods. But this is being done on the basis of small and vain attempts. They are drowning in a sea of paperwork and they are being ordered about and urged on by the leaders of farms. They are clearly not concerning themselves adequately with the inter-branch problems or with agro-industrial integration. And the oblast agroprom has to a large degree not found itself. The economic methods of administration are being employed only timidly. I have already mentioned the reasons for this: credit, profit, price and other regulators are being employed to only a weak degree.

G. Seleznev, chairman of the Komintern Kolkhoz in Kirillovskiy Rayon:

"It is good that the RAPO's are no longer issuing hectare work orders indicating what is to be sown and where. But it would be wrong to state that we economic executives have finally acquired complete independence. Everything must be coordinated and arranged. Yes and some trifling details cannot be purchased freely. It is my opinion that the supply situation is now worse than it was earlier. It is best not to deal whatsoever with agrosnab [agricultural supply]."

A. Kiselev, director of the Mayskiy Sovkhoz:

"There have been many discussion regarding independence and still we do not have enough of it. During a recent plenum of the oblast party committee, our farm was praised for having solved its social problems. A great amount of construction work is being carried out for our people: housing, a palace of culture, childrens' institutes and stores. People are coming from all corners of the oblast to borrow upon our experience. As a director, I have had many problems. I often had to take measures aimed at avoiding numerous instructions. We are presently completing the construction of a physical culture and health combine with a swimming pool. It is viewed

as being illegal. It is as though the leaders of the sovkhos installed a private sauna in their own garden. Hundreds of farm workers are now able to improve their health. But those who follow the instructions are striving to prove this fact."

L. Vologdin. "Anatoliy Ivanovich is entirely correct. If we would like an economic executive to display initiative and take active measures, then we must untie his hands. Next year the oblast's agroprom will be converted over to self-financing. This means that a work collective must be the sole master of its resources and all income obtained. And certainly it must decide which products are to be produced and in what volumes. And based upon the specific conditions of its economy, the needs of the consumers."

[Question] Does not the normative-resource method for planning open up an expanse for action here?

[Answer] No, it does not. It corrects and affects an economic executive, but it does not furnish complete freedom. This is why, when defining the orders for 1988, the oblast agroprom decided not to provide the rayons with purchase plans for a particular product by types.

[Question] Entirely?

[Answer] Absolutely. Neither in quintals nor in rubles. Let the various areas decide how much meat, milk, potatoes and vegetables are to be produced. On the whole, the RAPO's receive orders to sell agricultural products to the state for certain amounts. The farms have similar orders.

L. Burtsev, director of the Krasnaya Zvezda Sovkhos:

"As the saying goes, we must exercise controls! We must begin to rid ourselves of labor-intensive and unprofitable crops. For example, we have 25 hectares of cabbage which are viewed as an eyesore. Extensive losses. In the autumn the base is overloaded with cabbage and there is not enough storage space. And if not ourselves, will not others also wish to reduce their cabbage areas? "

L. Vologdin. In all probability, taking into account the difficulties involved in procuring, storing and selling the products, we will encounter certain expenses in connection with such planning. But you refer to it as an eyesore. But perhaps you will allow us to remove it? Who will profit from the fact that you will be forced to feed the unsold products to livestock? Grow another crop on this area that will be more advisable for the sovkhos. And there will be no need for fearing that all will simultaneously reject cabbage. Specialized farms exist which have the requisite technology and which have developed contacts with the procurement specialists and thus there will be no need for reducing the production of the principal types of products. We studied this question thoroughly. Moreover, the indicator for the overall volume of procurements remains. The demand for it will be

strict. There will be hardly any of our economic executives who will attempt to grow 2-ruble bananas in place of 10-kopeck potatoes. The principal branches of the kolkhozes and sovkhos have developed over a period of decades. The dairy economy will continue to produce milk. Neither the RAPO's nor the oblast agroprom will bother themselves with providing petty support, but rather they will transfer all initiative into the hands of the leaders and specialists.

[Question] And what if a sharp reduction takes place in the production, for example, of vegetables?

[Answer] A sharp reduction will not take place in the course of a year or two. But a trend may be uncovered towards a reduction in the output volume of a particular branch. This would be a sign of trouble and an absence of economic harmony. Thus the agroprom must undertake measures aimed at activating stimuli. And first of all prices which take into account the population's requirements for particular products. There may be various types of markups and incentive payments. Importance is being attached today to the maneuvering of resources. Thus the organs of administration are finally employing economic methods. Under the conditions imposed by self-financing, a requirement exists for creating a centralized fund (from profits) for the agroproms, for the purpose of stimulating the development of individual branches.

[Question] Has agreement been reached in the rayons and on the farms with regard to the plans for product orders for next year?

[Answer] The plans were developed based upon the resource potential and the proposals received from the various areas. But in some rayons the conclusion was reached that the proposed volumes were inflated. For example, Vologodskiy, Babayevskiy and Ust-Kubinskiy rayons planned to turn over fewer products. In earlier times, we would have insisted or applied pressure. At the present time, we have agreed and accepted their proposals. But with one important reservation. Since the overall output volume was computed for the rayons taking into account the availability of resources, those RAPO's which plan reduced volumes will receive reduced quantities of these resources. Here we have in mind fertilizer, mixed feed and highly productive equipment. They will be supplied to those who intend to increase production. And what do you think? Almost all of the rayons have agreed with the original variant of the order and are not insisting upon a reduction in the volumes. This then is the regulator in action. True, with the conversion over to wholesale and non-funded trade (for which we are fighting and which we are achieving), this stimulus will lose its importance. But there are many other equally effective stimuli.

[Question] Will it be possible, during the course of the experiment, to attach an anti-expenditure character to the economic mechanism?

[Answer] We are striving to achieve this and mainly through the use of contracts and cost accounting. These are being mastered by practically all of the agroprom's enterprises. By no means are the kolkhozes and sovkhozes always achieving success in avoiding formalism. And it is not always possible to set matters right or to act in a thrifty manner on the basis of appeals alone. A component part of the anti-expenditure mechanism is that of payments based upon the final result. When it is established based directly dependent upon gross income, then each worker begins to display concern for lowering expenditures. This system is presently being employed by 53 kolkhozes and sovkhozes. By the end of the year, it will be the leading system. Control on the basis of checks is proving to be of great assistance in cost accounting. Experience in the use of checks is available not only internally within farms but also in the accounts maintained with partners — repair workers and agricultural chemists. And this involves the rudiments of inter-branch cost accounting, of which there is an acute shortage at the present time.

The vicious practice of planning the work of service organizations based upon results already achieved has finally been eliminated. For many years the gross figures distorted in this manner appeared as unnecessary ballast for the rural economy. At the present time, all services are being carried out based upon requests and the true requirements of the kolkhozes and sovkhozes. And the result? Last year 14 percent fewer tractors underwent repair work at repair-technical enterprises compared to the previous year. Reductions have taken place in the volumes of capital repair work. At the same time, the engineering service of farms has undergone further development and more extensive use is being made of the assembly-unit method. On the whole, the expenditure of resources for maintaining the efficiency of machines decreased during the past year by 4 percent. This represents approximately 700,000 rubles. The expenditures for capital repairs were lowered by almost 20 percent.

G. Seleznev: "These are convincing figures and yet we are still not realizing any radical improvements in our relationships with partners. At times we are still experiencing low quality work on the part of the former Selkhoztekhnika. Agropromkimiya is not satisfying the requirements of the farmers. Just as in the past, it is difficult to find a common language to employ with the flax workers."

L. Vologdin. These complaints are fair. Interest among the partners in the final results has still not been created. The search continues. In Sheksninskiy and Tarnogskiy rayons, for example, production systems consisting of five farms and two flax plants have been formed. The basis for mutual accounting — finished fiber. The RAPO's are striving to coordinate more closely the interests of the livestock breeders and the processing personnel. But on the whole only the initial steps have been taken by agro-industrial integration.

[Question] During the course of the experiment it will be necessary to hand down decisions not associated with the usual plans and also to break down existing stereotypes. What difficulties are apt to appear in this regard?

[Answer] With each step, we are literally encountering old instructions and statutes. The mechanism of deceleration, as noted during the June (1987) Plenum of the CPSU Central Committee, has still not been eliminated. Our appeals addressed to republic and union departments and containing various proposals have often gone unanswered. Here is a typical example. We changed the administrative structure for capital construction. Vologdaagrostroy has been granted the rights of a client and contractor and is the single holder of capital for all resources, including for the economic method. It was largely owing to this fact that last year the plan for placing agroprom installations in operations was fulfilled for the very first time. How did the republic and union gosagroproms [state agro-industrial committees] react to the experiment? They uttered their approval and at the same time they "corrected" the funds for resources and this brought about a halt to many construction projects. We indeed asked for nothing additional and only wished to receive that which was planned earlier for the oblast.

At times, an answer cannot be obtained for even a simple and seemingly personal question. For example, the capabilities of a municipal creamery are overloaded. Alongside there is a training-experimental plant which could be successfully connected up to the production of goods and satisfy completely our requirements for high quality products. But the accounting prices must be examined if the enterprise is to operate on a profitable basis. The financial organs categorically oppose such action. The experimental plan is almost idle and the consumers are not receiving adequate amounts of sour cream, pot cheese or other products.

On the whole, the new economic mechanism of the agroprom is undergoing a period of adjustment and creating the conditions required for realizing radical improvements in solving the food problem.

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MAJOR CROP PROGRESS, WEATHER REPORTS

Vegetable Crop Development, Distribution in USSR

Fruit, Vegetable Procurements in Uzbek SSR
18240337 Moscow SELSKAYA ZHIZN in Russian
5 Jul 87 p 1

[Article by M. Babintsev, SELSKAYA ZHIZN correspondent. Uzbek SSR: "Tomatoes and Discussions"]

[Text] Although there are many individuals responsible for fruit and vegetable procurements in Uzbekistan, there still is no true responsibility.

At the entrance to the Ordzhonikidze Procurement Office in Tashkent Oblast, I saw a lone young individual sitting on a porch. We became acquainted. He was Vladimir Borisovich Dymshits, the director of the "Plo-doovoshchorg" [fruit and vegetable trade] Base in the city of Tolyatti.

"There were about 300 tons of tomatoes" he stated pensively, "I knocked on all of the doors of the republic's gosagroprom [state agro-industrial committee] — they were rejected in all areas."

The visitor from Tolyatti finally met with success. He met with the chairman of the Tashkent oblpotreboyuz [oblast union of consumers' societies] and the visit was a fortunate one for him: for the very first time, the automobile builders would have tomatoes in their salad. And yet a representative of a trade organization from distant Igarka was not so fortunate. After waiting for an hour and a half in the reception room of the deputy chairman of Gosagroprom for the Uzbek SSR S.G. Khorev, she departed having achieved no meaningful results.

At the present time, there are many petitioners in Tashkent representing trade organizations in all regions of the country. Uzbekistan ships its green products to 67 oblasts and even as far as Anadyr. But these products are not delivered to the various areas either on a timely basis or in adequate quantities. The procurement mechanism, the problems of which are by no means new, continues to be troubled by interruptions just as in the past.

Upon taking a seat in the office of the chairman of the Tashkent oblpotreboyuz, I became convinced on the basis of telephone calls that vegetable procurements were the concern of many organizations throughout the oblast: the oblast party committee, oblast executive committee and the oblagroprom [oblast agro-industrial committee]. Moreover, within the oblast there were a dozen and a half procurement offices and two hundred receiving points. In short, there were more than enough procurement organizers for the work at hand. However, it can be stated in advance that even in the Tashkent stores there will be interruptions in the supply of eggplants, bush scallops, sweet pepper and other products referred to in the reports as "other vegetables."

Nor is weather the only problem. The republic's farms are simply growing these crops on smaller areas. The kolkhoz and sovkhoz leaders prefer to plant that which is easiest to grow. For example, they grow considerably more cabbage than the amount planned. Naturally, difficulties arise in connection with marketing their output. The vegetable growers were themselves prepared to ship them to the ends of the earth. Thus cabbage was grown in Tashkent Oblast not on 600 hectares but rather on an area three times this size. The oblast's example was followed by others. As a result, the Uzbek potreboyuz [union of consumers' societies] supplied the all-union fund with 156,000 tons of cabbage, having over-fulfilled

its task by one and a half times. Was this not cause for honoring the leading workers? But indeed it is not cabbage alone that satisfies man. And three heads of cabbage are no substitute for a shortfall of one tomato or eggplant for the residents of Tyumen.

The situation is a typical one — supply does not keep pace with the demand and the delivery plans for garden products and contractual negotiations are not being followed strictly by those who produce these products.

Who must restore order to the procurement system? The procurement offices of consumer cooperation are unable to do this. The vegetable growers cannot issue commands and generally speaking they represent only an intermediate element within the procurement network. The time is at hand for the agroproms to undertake the sale of the products. Thus those who carry out the planning will be responsible to the consumers for all mistakes made and for liberties taken in production planning. It bears mentioning that Gosagroprom for the Uzbek SSR, in accordance with the plan, must now procure 103,000 tons of vegetables. But the deputy chairman of the committee, S.G. Khorev, is convinced that it is practically impossible to carry out this task, since the farms lack the required logistical base, transport and personnel. In short, the Uzbekistan agroprom is still not ready to convert over to direct contacts with the consumers of its products. And as it turns out, very little is being done aimed at changing this situation in the near future.

Certainly, there are farm leaders who are now awaiting instructions for restructuring the procurement system but rather are operating on the basis of their own initiative. At the Tashkent Kolkhoz imeni Karl Marks, for example, a refrigerator for 500 tons will soon be ready, there are fine warehouse facilities here and the kolkhoz has its own sorting point. The farm is fully prepared to reject today the middle role played by procurement offices and to deal directly with the recipients of its products. The Pravda Vostoka Kolkhoz in Leninskiy Rayon in Andizhan Oblast is efficiently ensuring the procurements of its fruit and vegetables. Unfortunately, there are no more than a dozen and a half such farms in the republic.

The specialized vegetable production and orchard-vineyard farms, excluding initiative, clearly lack freedom in selling their fruits and vegetables. It happens that the vegetables spoil in the clamps and the fruit rots in the orchards and still the republic's Council of Ministers does not authorize the shipment of products beyond the borders of Uzbekistan. The position is taken that the goods were bartered and the plan fulfilled, so why make a fuss?

Instead of providing the farms with petty support, the republic organs could focus attention on the more important problems concerned with planning deliveries and the transporting of vegetable products. At times, the

work is carried out in an absurd manner. Each year, tens of thousands of tons of potatoes are imported into Uzbekistan from oblasts in Belorussia and the Russian Federation. In the meantime, the Uzbek cooperation specialists have been assigned the task of shipping more than 8,000 tons of tubers beyond the republic's borders! It is difficult to find the logic here.

The summer season has reached its peak in hot Uzbekistan. A rich harvest is ripening on its fields, gardens and orchards. Its products are being awaited by the oil workers of Tyumen, the Norilsk miners, Irkutsk loggers and by BAM (Baykal-Amur Trunk Line) construction workers. The tremendous procurement volumes require the efficient organization of transport operations from the fields to the stores. As always, many problems are expected. The greater the harvest, the more obvious will be the fact that neither paper relationships, nor daily conferences at all levels, nor telephone discussions will replace the orderly organization of procurement operations.

Marketing Problems

18240337 Moscow PRAVDA in Russian 7 Jul 87 p 1

[Article by Yu. Razgulyayev, PRAVDA correspondent, Frunze: "And Other Vegetables"]

[Text] A very picturesque picture prevails at the Frunze markets at the present time. And one particular peculiarity catches the eye. The owners of private plots are selling their products at cheaper prices than the cooperation specialists.

For example, cucumbers and tomatoes from private gardens cost 10-15 kopecks less than those being sold from store counters and somewhat earlier this same situation prevailed in the case of cherries and strawberries. It turns out that consumer cooperation must lower its market prices in order to compete successfully against the owners of private plots in wresting money from the customers.

"What can we do" asked the chairman of Kirgizpotrebsoyuz T. Chelebayev, throwing up his hands in a hopeless gesture, "the population is not turning over its products at the prices which we recommended."

I cannot agree with this argument. Certainly, if vegetables and fruit are procured only in suburban villages, especially early vegetable and fruit, then one can hardly expect to realize any great gain. Here the products can be marketed and many long ago acquired high speed Zhiguli and Niva vehicles. But in the remote regions... The farther one travels from Frunze in the direction of the Chu River Valley, the more often one will note bright red spots along the roadsides. These will be villagers who are unable to bring their vegetables to market and instead are offering them for sale to passersby. One should stop and make a selection to suit his or her taste!

With the creation of Gosagroprom, it would seem that the principal responsibility for supplying city-dwellers with garden products rests with the specialized vegetable stores. Unfortunately, the selection of goods for their counters leaves something to be desired. The tired salesmen offer the residents of Frunze only withered cabbage and blighted cucumbers. And last Sunday the stores of the Osh Market were closed.

The following fact was revealed during a recent meeting of the Bureau of the Central Committee of the Communist Party of Kirghizia: a decline has taken place in the deliveries of early cucumbers, tomatoes, radishes, marrow squash and eggplant. "Other" vegetables, that is, those required by housewives such as dill, parsley, celery and radishes are being supplied in adequate quantities from year to year. It is difficult to purchase young potatoes.

The southern market of many voices is noisy. There is a shortage of trade rows for displaying all of the products. Thus nobody can compete against the owners of private gardens.

RSFSR Agricultural Equipment, Product Storage Problems

18240337 Moscow IZVESTIYA in Russian 9 Jul 87 p 1

[Article by V. Gavrichkin: "It Is Time To Change Habits"]

[Excerpt] Many items of defective equipment are still to be found in the central and Volgo-Vyatsk regions of the Russian Federation and on farms in a number of oblasts in the Ukraine. In order for the harvest to be carried out in 10-12 days, as usually called for in the working plans, and not dragged out over a period of 30 days, for the schedules for the haying and threshing work to be reduced to a minimum and for the crops to be harvested and protected fully, a high level of readiness is required. The task of achieving this readiness is a concern not only of the farmers but also of USSR Gosagroprom [State Agro-Industrial Committee], USSR Ministry of Grain Products, Tsentrsoyuz [Central Union of Consumers' Societies] and those ministries and departments which produce logistical resources for the APK [Agro-Industrial Complex]. Today each element must be responsible for its own particular sector.

Understandably, it is not easy to accept responsibility, especially when one is not accustomed to it. Yesterday the editorial board received a phone call from the director of the Novoanninskiy raypo [rayon consumers' society] of the Volgograd oblpotrebsoyuz L. Ivanova. She was alarmed by the behavior of Georgian cooperation specialists from Marneuli. After ignoring all of the delivery schedules, they brought two refrigerators filled with extremely low quality tomatoes to Novoanninskiy and they assigned a price for them of 2 rubles and 95 kopecks per kilogram. At this same time, the procurement office had already obtained excellent tomatoes

from the neighboring Leninskiy Rayon for 2 rubles per kilogram. Seven telegrams were sent to Marneuli by L. Ivanova, but she received neither a response nor an acknowledgement. Meanwhile the tomatoes were spoiling. At this point, the director of the procurement base exercised her authority and marked down the price of the sub-standard products and succeeded in selling them for 80 kopecks per kilogram. And she was worried over the possibility that she had exceeded her authority.

It can be stated directly (we were so informed by Tsentrsoyuz) that L. Ivanova had acted correctly. Yet the indifference displayed towards the fate of the products that were shipped and the sluggishness and inefficiency of the Georgian cooperation specialists came as a surprise. Yes and did this apply only to the Georgians? The vegetable season that had just begun revealed an inability to trade among many individuals. Signals were being received from Frunze, Tashkent, the Baltic area, the Ukraine and from a number of other areas: the fruit and vegetable products in the stores and booths of the cooperative trade were not only inferior to the market products, but quite often their prices were either the same as or even higher than the market prices. Thus the customers turned away from the cooperative trade counters. It was as though the cooperation specialists were unfamiliar with the laws of the true trade: just as was earlier the case, there are no sliding prices at the present time and a customer is unable to select his products.

The agroprom farms are still not setting a very good example. For example, the vegetable growers at kolkhozes and sovkhozes in the Moscow area over-fulfilled their plan for the delivery of products for the first 6 months of the year. However, nobody could take pleasure in this over-fulfillment since the order for the farm's assortment was satisfied by only 50 percent: of 18 types of vegetables and greens, there were delivery shortages for nine of them. There was much criticism regarding the low quality of the vegetables, more often than not the direct contacts with stores were formal in nature and the kolkhozes and sovkhozes made very poor use of their right to participate in market operations. There was also the problem of rhythmic deliveries of products.

In short, many corrections are needed in the fruit and vegetable trade and this includes serious corrections with the winter in mind. In the Russian Federation alone, according to data supplied by the TsSU [Central Statistical Administration], 72 percent of the potato storehouses, 69 percent of the vegetable storehouses and 74 percent of the fruit storehouses were in need of repair work on 1 June. This was in the state trade. And in the Gosagroprom system, the figures were 85, 84 and 91 percent respectively.

In particular, the storage capabilities in Pskov, Murmansk and Tyumen oblasts are being prepared in a poor manner. Prior to 1 June, almost no repair work had been

carried out on potato storehouses in 29, vegetable storehouses in 38 or on fruit storehouses in 37 autonomous republics, krais or oblasts of the RSFSR. The situation was not much better in the other republics. It could be stated: "Yes, this situation is habitual and it was almost the same last year." In order to truly protect and deliver all products grown to the counters, these habits must be changed.

Product Availability in Vegetable Stores

18240337 Moscow TRUD in Russian 17 Jul 87 p 1

[Article containing opinions by TRUD correspondents: "Was Only the Weather At Fault?"]

[Text] The second month of summer has commenced and yet, judging by letters sent in by readers, the season in a number of cities has had little effect on the selection of products in vegetable stores. By way of justification, it is maintained that spring was late this year. But was this the only reason? We asked our own and public correspondents to answer this question. Here is what they reported.

On the day that an inspection was carried out by the Kishinev Gorplodoovoshch Association, 10 varieties of fruit and vegetable varieties were made available for the capital's residents. But we do not wish to flatter ourselves. In addition to last year's beets and onions, the majority of the stores which we visited had only limp radishes with haulm and overripe bush onions and celery. The remaining types of vegetables were by no means available in each of the 13 stores in Kishinev. In some areas we found clusters of dill and cucumbers.

In one store, there were only some leaves of cabbage. In still another the tomatoes had disappeared prior to our arrival. True, mazzard cherries were for sale in Store No. 1. But the line leading up to the only salesman indicated a wait of not less than 1 hour. At the same time, five or six salesmen were standing idle near three cash registers in the spacious hall.

Among the cooperation specialists, the selection was even inferior to that available in the state trade. But here there were young potatoes and cucumbers and the situation with regard to mazzard cherries and tomatoes was better. At the market, our eyes were dazzled by the abundance of goods available. We counted 25 types of all possible vegetables, greens, fruit and berries. And they were all of excellent quality.

The prices for all of the goods were also amazing. Garden strawberries — from 5 to 7 rubles per kilogram, tomatoes — 5-6 rubles, cucumbers — 4. A cluster of dill or parsley — 20-30 kopecks, several carrots — 4-5 ten-kopeck pieces.

Only young potatoes were comparatively inexpensive — about 20 rubles per kilogram. Here the competition consisted of consumer cooperation — on the day of the

visit, it was carrying out a lively trade at the market in young potatoes. Last year's potatoes have increased from 70 kopecks to a ruble. And this did not come as a surprise — this needed product disappeared almost completely, even during the middle of winter, from the stores of Gosagroprom [State Agro-industrial Committee] and even consumer cooperation. Carrots suffered the same fate, throughout the winter there generally was no cabbage available and beets appeared only periodically.

Based upon the experience of past years, we are aware that during the height of the season — from July to September — the fruit and vegetable production line in the capital of Moldavia by no means operates in a rhythmic manner. On some days, for example, the stores had such an abundance of cabbage (this would last for several days) and tomatoes that many of the products spoiled before they could be sold. On other days these vegetables would disappear immediately and thereafter could be found only at the market. The same held true for peppers, cucumbers, eggplant and fruit. There is almost never sufficient table varieties of grapes available on the counters. On the other hand, there is an abundance of the Izabella variety, which enterprising people purchase in large quantities for the preparation of domestic wine. And this suits the trade, since their reports will reflect a favorable figure for the sale of fresh grapes to the population.

These then are the chronic interruptions that are taking place in the vegetable and fruit supply for the capital of the southern republic, where there is no need to import anything since everything is grown locally. Thus we must ask ourselves: is only the late spring to be blamed for the fact that the vegetable trade at the height of the summer leaves a great deal to be desired?

[signed] I. Vidrashku, driver for the Kishinev taxi pool;
A. Chereushenko, public correspondent for TRUD;
P. Rashkov, correspondent for TRUD — Kishinev

Having been assigned an editorial board task, I picked up my string bag and set off for the nearby vegetable Store No 1 of gorplodoovoshchtorg [municipal fruit and vegetable trade], but I was able to purchase there only a puny head of cabbage, some large marrow squash, cucumbers and a wilted green-yellow onion. Nothing more was available on the counters. I went over to the right shore of the city. The selection of greens was somewhat better in Store No. 24: in addition to what was available in the first store, here there were also common onions, parsley and dill. I visited several other stores and in one of them I found some radishes. I thereafter found some greens and thus was able to prepare a salad, but I lacked all of the ingredients needed for borsch. Nowhere could I find potatoes, either young or old. Nor is it possible to find anywhere in the city carrots, sorrel or table beets. I wasted several hours at the stores and

thereafter returned to the market: here I found everything. True, the products were expensive and yet they were all fresh and straight from the garden rows.

[signed] P. Varfolomeyev, correspondent for TRUD — Voronezh

Nor was the situation any better in Riga. At vegetable stores Nos. 55 and 12 only long cucumbers were available for sale, with dill and green onions appearing only rarely. The needs of the stores are being satisfied in a very poor manner. All of the passageways are filled with cucumbers, which can be used for playing skittles. The store operators explain: this year their stores were assigned to the vegetable base at Saurishakh and this base can offer only frozen products, mainly imported goods. Earlier the stores were supplied by the Kekava and Shkivi kolkhozes and the Riga Sovkhoz. At the present time however, they are being supplied only by the Riga Sovkhoz. The kolkhozes have started turning over their products to consumer cooperation, since this is more profitable for them. Moreover, a huge vegetable pavilion has opened up at the central kolkhoz market — the kolkhozes are rushing there. The prices at the pavilion are noticeably higher.

[signed] V. Rubtsov, correspondent for TRUD — Riga

Today almost all of the vegetable dishes are genuine realities for the residents of Kemerovo Oblast. I departed my home on Sovetskiy Boulevard. Under a tent I found an open counter of the Yelykayevskiy firm store. A little farther along, there was a second one. Across the street — hawker's trays of gorplodoovoshchtorg. Fresh cabbage, green onions, dill, tomatoes, cucumbers, young beets, radishes. Quite often, salad greens and sorrel are to be found. But there were no potatoes — the young ones have not yet matured and last year's potatoes disappeared long ago: they could not be preserved.

This year the Kemerovo gorplodoovoshchtorg has opened up approximately 180 trade points of its stores on the streets of the oblast center and it has established fine contacts with local sovkhoses and with partners in Central Asia and Georgia. This then explains the generous vegetable counters.

I spent 20 minutes making my controlled and expensive purchases and thereafter I returned with my vegetables. Thus the problem is not one of a late spring, but rather knowing how best to organize the work.

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LIVESTOCK, FEED PROCUREMENT

Economic Effectiveness of Feed Base Examined
18240359 Moscow EKONOMIKA SELSKOGO
KHOZYAYSTVO in Russian No 6 Jun 87 pp 52-57

[Article by A. Brylev, candidate of economic sciences
(VNIIPI N [All-Union Scientific Research Institute for
Planning and Standards] USSR Gosagroprom)]

[Text] The problem of the rational production and use of feed resources is directly linked to the general program for improving the efficiency of economic management in the APK. It covers technological, economic and social questions in developing a large group of connected sectors in crop and animal production and the processing industry, where huge production potential is concentrated.

As part of the reproduction process, feed consumption depends entirely upon its production, distribution and exchange. However, must also give consideration to the effects of consumption itself. Only through feed consumption are animal husbandry's final products formed and the extent to which they satisfy public and private needs revealed. This is the basis for evaluating the feed base's condition. If during the past 20 years meat and meat products consumption has increased 1.5 fold, that of milk, 1.3 fold and of eggs 2 fold this is primarily the result of positive changes in the feed base. At the same time, its deficiencies are justifiably linked to slow growth rates and systematic production cost increases in animal husbandry, prolonged disproportions and steady declines in the return from resources in animal production. In our view, among the reasons for such phenomena is the underestimation of the role of distribution, exchange and consumption relations in forming the feed base and the need to continually improve them.

Feed consumption (in feed units) in our country's public animal husbandry increased 1.7 fold during 1965-1985 and totaled 337.3 million tons. The use of concentrates increased the most, while the consumption of pasture feeds remained practically at the 1965 level.

Feed preparation grew at pace setting rates compared to the number of livestock. As a result, consumption per standard head increased by 15.2 percent, reaching 2,730 feed units in 1985. Feed consumption also increased rapidly in dairy operations and poultry production.

Changes in the feed base had a positive effect upon animal productivity. Average annual milk output per cow increased by 456 kg, or 22.8 percent, average live weight per head of cattle sold to the state increased by 107 kg, (42.3 percent), egg production per hen grew by 84 eggs (63.6 percent). However, as a whole, during the period examined animal production (with the exception of poultry) was characterized primarily by extensive development methods. Production increased mainly through increases in herds and in feed times, while there was a steady decline in the return from resources, including feed.

There are obvious contradictions in the dynamics of feed intensiveness for animal products. Increases in unit feed costs for specific products is accompanied by their steady decline per 1,000 rubles of gross output. This means that the integral indicator for feed consumption is maintained not so much due to achievements in feed production in subsectors of animal production (returns

in terms of output increased only in poultry production), as it is the result of structural shifts in the composition of animal production's gross output: there were relative increases less feed intensive types of poultry and hog production.

The dynamics in feed intensiveness of output which are most cause for concern are in cattle and dairy production. Feed costs per 1 ton of milk at kolkhozes and sovkhoses during the 11th Five-Year Plan remained at the same level as in the beginning of the 1960's. Feed use per ton of live weight gain for cattle reached a maximum during 1961-1985.

The increase in the physical indicators for feed costs per unit of output were accompanied by sizable cost increases for animal rations. Compared to the 8th Five-Year Plan, during the 11th Five-Year Plan feed costs per 1,000 feed units at kolkhozes and sovkhoses increased 2 fold, reaching 102 rubles. These increases were especially great for concentrated and course feeds. Therefore, growth rates for the cost indicators of feed consumption are considerably higher than for the physical indicators (see table).

Dynamics of Feed Costs (Current Prices)
per One Ton of Output (% of 1966-1970)

| | 1971-1975 | 1976-1980 | 1981-1985 |
|-------------------------|-----------|-----------|-----------|
| Milk | 141.0 | 183.6 | 227.9 |
| Increase in Live Weight | | | |
| Cattle | 139.6 | 183.0 | 238.1 |
| Hogs | 122.9 | 150.6 | 194.1 |
| Sheep and Goats | 159.4 | 234.5 | 288.3 |
| Poultry | 102.4 | 135.1 | 122.7 |
| Eggs (per 1,000) | 104.8 | 92.9 | 92.9 |
| Wool | 145.1 | 217.7 | 272.5 |

As a result of the rapid increases in production costs and price, feed costs per unit of gross output in animal production increased 97 percent during 1966-1985. Prices for feed increased 2.2 fold faster than the physical volume consumed. Increases in the average price per feed unit were due both to increases in the price for individual types of feed and to changes in the structure of animal rations. There were reductions in succulent and pasture feeds and increases in the share of concentrates. Concentrated feeds' maximum share (36.2 percent) was during the 10th Five-Year Plan; later there was a turn towards low concentrate types of feeding, and in the 11th Five-Year plan their share declined to 34.9 percent. More than 40 percent of the concentrates were simply grain, in cattle production almost 60 percent. Even at the actual amounts of feed used per unit of output, the use of grain in unbalanced form was not sufficient to permit kolkhozes and sovkhoses to increase output to the equivalent of about 1.4 million tons (live weight) of meat.

As a consequence of pace setting rates in the consumption of more expensive feeds, during the 11th Five-Year Plan the comparable price per feed unit increased 13.7 percent over the 8th Five-Year Plan. There were also increases in the group price for concentrates and feeds of animal origin. In general, structural shifts caused feed prices to increase an average of 3 billion rubles during the 11th Five-Year Plan compared to the 8th (1973 prices). This was about 31 percent of the total increase in feed costs.

The switch to a concentrated type of feeding was especially ineffective for cattle. Thus, during 1966-1985 feed consumption per cow at all kolkhozes and sovkhozes in the USSR increased by 36.6 percent, reaching 4,030 feed units. Forty three percent of animal rations were increased by concentrates, the share of which reached 24.8 percent in 1985, compared to 18.1 percent in 1966. Changes in the level and structure of feeding did not lead to substantial improvements in animal productivity and reproductive functions. The dairy cattle economy deteriorated. Changes in feed rations increased costs by 280 million rubles (1973 prices). Beef cattle feeding costs increased sharply for the same reasons. While during the 8th Five-Year Plan feed consumption (in current prices) per 1 of ton beef cattle weight gain was lower than for hogs and poultry, during the 11th Five-Year Plan it was 10.7 and 33.6 percent higher respectively.

Consequently, pace setting rates for grain consumption by cattle and sheep contradict the biology of ruminants and reduces the economic effectiveness of development in these sectors. Given our huge areas of natural pastures, a turn to a moderate and low concentrate system of feeding is a substantial reserve for improving the efficiency of feed production in animal husbandry.

It is this path that was selected for the 11th Five-Year Plan by, for example, Belgorod Oblast, the experience of which was highly evaluated at a 1984 CPSU Central Committee Politburo meeting. In recent years farms in this oblast have increased animal product output, constantly reducing concentrates and increasing the share of succulent and green feed and processing industry wastes. These changes have occurred in hog as well as cattle feeding. Compared to 1981, during 1983-1985 the percentage of concentrates fed to dairy cattle in the oblast declined by 4 percent, dropping to 17.8 percent, for the remaining cattle the figures were 2.5 and 15.8 percent, for swine 8.1 and 75.6 percent. For comparison, we note that for USSR kolkhozes concentrated feeds make up these percentages of the rations: 22.7 percent for dairy cattle, 22.1 percent for beef cattle and 77.1 percent for hogs. Belgorod Oblast has considerably better conditions for growing grain crops.

Improving their feed structure, farms in Belgorod Oblast are simultaneously exerting considerable efforts to enrich feed with protein additives, rebuild feed shops, etc. The measures to develop feed production substantially improved animal productivity and the return from

feeds. Compared to 1981-1982, during 1983-1985 the average annual milk output per cow on farms in the oblast increased by 202 kg, or 9.4 percent, average daily weight for cattle increased 39 kg (11.4 percent) and for hog 16 kg (5.4 percent). During this time the feed intensiveness of animal husbandry's gross output declined by 5 percent, including a 1.7 percent decline in milk, 5.5 percent in cattle weight gain and 5.7 percent in hog weight gain.

The reasons for the high unit consumption of forage are examined quite fully in the economic and specialist literature. These include: the insufficient level of animal feeding, the inadequate introduction of progressive methods for preserving, storing and distributing feeds, unbalanced rations, lagging in pasture feed production, which is less resource intensive, considerable losses of nutrients at all stages in the movement of feed from field to farm, and other reasons. In actuality, all these reasons are closely intertwined, however, their causes differ, just as do the distribution and force of their influence upon final results. This means that in practical activities it is important to determine the sequence for implementing measures to eliminate the reasons for high unit feed costs and to fully link them with a program for developing animal husbandry. The priority directions in the development of feed production should be those which simultaneously reduce the physical and value indicators of feed costs and have minimal payback periods. An evaluation, from this perspective, of possible ways to increase feed use efficiency must, above all, delineate ways to improve quality and reduce losses, improve the structure of animal rations and introduce effective stimuli for saving feeds.

The problem of balanced feeding of animals has been around a long time, but still remains acute. Even though there has been a substantial growth in the feed base, in the past two decades its qualitative parameters have not adequately changed. During the 11th Five-Year Plan the average annual shortage of plant and animal protein was calculated at 3-3.5 million tons. This means that each feed unit in the average annual volume of feed consumed at public farms (other than Ptitseprom enterprises) was short more than 10 grams of digestible protein. From this one can estimate the annual overconsumption of feeds at 30 million tons of feed units. Such an amount of forage would have been sufficient to obtain an additional 20 million tons of milk, or 2.7 million tons of weight gain in livestock and poultry during the 11th Five-Year Plan. However, this does not exhaust the losses.

Not having enough protein, many farms obtain low weight gains and must increase the herds and feeding times. Over a 20 year period the average annual weight gain for cattle at kolkhozes and sovkhozes throughout the country fluctuated around 330-400 grams, for hogs the figures were 220 to 300 grams. Their average value for five-year plans remained at similar constantly low levels. The increase in the live weight per animal sold to the state was due to extensive factors alone. Compared to

the 8th Five-Year Plan feeding time for cattle increased by 200 days and for hogs by 20 days, reaching 995 and 430 days respectively. With full valued rations and intensive technologies for meat production, cattle feeding time is 550-600 days and for hogs the time is 260-280 days. Consequently, this overkeeping of cattle slows down herd turnover by at least 1.5-1.7 fold and increases the use of fixed capital and the number of workers by about the same amount. When one considers that during 1966-1985 the average annual increase in the cost per feed day and head of livestock was about 5 percent, then one can understand how wasteful has been the extensive path for feed production during this period. According to our calculations, the direct and indirect expenses of protein shortage in feeds at kolkhozes and sovkhozes during the 11th Five-Year Plan were at least 12 billion rubles. The increased feeding time required putting into operation new facilities for 12 million cattle and 2.2 million hogs. This required about 5.5 billion rubles in annual capital investments.

The impressive sized of current and lump sum expenses due to animals' unbalanced rations is convincing proof of the need to transfer the center of attention from quantitative indicators in feed production to qualitative, from intermediate results (and all characteristics of the feed base are such) to final results in output per unit of functioning resource, above all feed resources. There can be no radical improvement in feed quality if there is continued orientation towards previous growth rates in production volume. The feed requirements of most kolkhozes and sovkhozes in terms of volume (feed units) are now either completely or almost completely met. According to normatives, at the productivity levels which have been attained, each cow's requirements for feed, balanced for all nutrients, does not exceed 3,300 feed units. Actually, in 1985, the country's kolkhozes and sovkhozes used 4,030. The figures for cattle on feed were 1,230 and 1,680 respectively. The biggest excesses of feed consumption per unit of milk output compared to normatives were allowed by farms in the AzSSR, the Central Asian Republics, Belorussia and the RSFSR. At kolkhozes and sovkhozes in the Ukraine, Lithuania, Armenia and Estonia feed consumption per ton of milk coincides with norms.

Each region has its approved ways of increasing feed protein. These are suitable for the overwhelming majority of oblasts, rayons and farms (increasing yields and expanding the area planted to lupin, vetch, peas, feed beans, soybeans, rapeseed, alfalfa and other high protein crops, organizing the production of dry yeasts, utilizing wastes from meat and dairy plants, etc.). However, a number of countrywide measures should be implemented to solve this problem everywhere, as soon as possible and at minimum costs.

First: In the most favorable zones for growing pulse crops and perennial grasses it is necessary to create a network of farms thoroughly specialized in the commercial growing of seeds for such crops in amounts completely sufficient to meet current demand and to create

reserve funds. Second: the large scale production of grass meal should be organized on irrigated lands in the southern part of the country in amounts sufficient to meet the mixed feed industry's needs and to enrich animal rations during the stall period. Third, agriculture must be supplied with the needed polymer film and chemical preservatives, industrially produced prefabricated structures and equipment in order to build standardized storage bins for coarse and succulent feeds. If these succeed in reducing feed losses to the normed levels, then the economic effect will be 2.9-3 billion rubles, and investments for these purposes will be paid off several times faster than if they were used to increase feed production.

The implementation of these measures should be supported by constant improvements in economic methods for regulating feed production and consumption.

Analysis has revealed that previous planning, price formation, incentive and other tools have been ineffective in forming the feed base. Moreover, under the reign of gross evaluations, the advantages are held by those enterprises which produce and consume more expensive feed. They thus increase their double counting, gross and sold output, indicators for labor and capital productivity, incentives funds, etc. At the present stage, the discussion should be about the creation of a fundamentally new mechanism for managing herd reproduction, reflecting the unity of interests among APK sectors, field and farm workers in maximizing final output per unit of resources allocated. With this goal in mind all APK management levels must take protein content as the basis for feed planning and accounting. There should be appropriate changes in evaluation indicators for growing feed crops and in the forage balance schemes. Feed balances could become a reliable management tool if they contained correct information on feed quantity, quality and cost. Having such balances, one could realistically and universally estimate feed availability, strengthen the mutual responsibility of intrafarm formations for the final results from labor, search out optimal variants for exchanging forage and deliveries from state resources and make corrections in pricing policies for intermediate and final output.

The main qualitative parameters for the feed base should become important orienting marks for work by feed production links and animal farm workers. All primary documents and the appropriate tables for production-financial plans and annual reports should be restructured in this direction. If not, many kolkhozes and sovkhozes will remain captive to formal evaluations of their feed bases, will not be able to introduce effective intrafarm accounts and will not be able to resist the temptation to describe feed inventories by some supposedly attained or planned production indicator.

Feed consumption, for example the numerous cases of increases in feed's real nutritional value, is evidence of substantial flaws in both accounting and planning.

According to reports, during the 10th Five-Year Plan and 11th Five-Year Plan kolkhozes and sovkhozes obtained the following feed units from each kg of hay, silage or haylage 0.44, 0.18 and 0.30. This corresponds to quality classes I and II for these feeds. However, according to authoritative specialists, during the 10th Five-Year Plan not more than half the feed provided to cattle and sheep was in classes I and II, while in the 11th these classes accounted for 66 percent of all feeds. Keeping in mind the far from perfect methods for preparing and storing coarse and succulent feeds, one can expect that the latter feed quality parameters more reliably reflect the real situation.

Using information on the actual nutritional value of feeds consumed, we found that every year about 10 million tons of feed units are mistakenly included on the accounts as going towards animal husbandry output. This is more than 13 percent of the nutrients in hay, silage and haylage. This is the reason for unavoidable distortions in unit consumption of feed and false conclusions in comparing the economic effect of various feeds.

The normative method for planning feed requirements acquires primary importance in connection with the feed savings goals which have been set. The composition and structure of feed inputs should be determined by current and long term planning tasks, based upon a single information base, be compatible in content and in compilation time for various economic management levels and target all APK sectors towards the optimal variant for combining various feeds and minimizing their volume per unit of animal husbandry output. As the feed intensiveness of output depends upon the availability and quality of each type of feed, and the relationship between these, in working out and applying normatives for feed requirements consideration should be given to intra and intergroup dependencies and proportions, that is, according to the principle of production functions. For example, the normative for concentrated feeds is x , with the availability of coarse, succulent and green feeds at levels y, j, i, z , with corrections for possible constraints in the use of alternative types of forage. Unfortunately, existing normatives are monovariant and oriented towards increased estimates of feed quality and therefore unsuitable for practical use. They can only serve as a beacon, on which to set a course for feed and animal production during the intensification of agriculture.

In order to strengthen normatives' influence upon feed consumption it is very important that when they are worked out there be full synchronization of technological requirements and economic interests. The lack of value normatives for per unit inputs of feeds is a serious brake upon the distribution of additional resources for developing animal husbandry according to the effect obtained, blurs the allowable boundaries for using feeds which can be substituted for one another, and hinders rationalizing their consumption structure. For example,

only by combining normative constraints on technological parameters with limiting evaluations of the economic efficiency of using potatoes can one know the extent to which potatoes should be used for animal feed.

Calculations show that potatoes are the most capital, labor and material intensive feed of vegetable origin. During the 11th Five-Year Plan a feed unit of potatoes was 60 percent more expensive than one of other root crops, 4.1 fold more expensive than grain and 6.4 fold more than pulp residues. The less than 1 percent of total feed units in potatoes account for 3 percent of the value of feeds consumed at kolkhozes and sovkhozes. Although the gross harvests of feed potatoes are constantly declining, their use for feed remains high (about 8 million tons). In addition, an increasing share of these potatoes are obtained from outside. In the 8th Five-Year Plan this was 3.1 percent, while in the 11th Five-Year Plan it was 10.4 percent. This practice is hardly justified if one takes into account the comparative qualities and production costs for potatoes and identical types of feed and the price difference for purchased potatoes and those grown on the farm using them. In the immediate future the full labor costs per unit of useful effect from potatoes used as feed will be somewhat higher than from other root crops. Therefore the use of potatoes as livestock feed must be limited to the technological minimum, oriented towards using rejects from sorting, storage and primary processing.

Economic normatives should also become a reliable barrier to using milk protein for animal feed. The annual consumption of milk remained high throughout the entire period under examination, 13 percent of total milk production. Even though there were increased deliveries of whole milk substitutes (ZTsM) and starter mixed feeds to agriculture, there still were increases in the absolute use of milk for feed and in use per young animal. Since the beginning of ZTsM's extensive use (1971) milk consumption per calf has increased by 5 kg during each five-year plan, reaching 266 kg in 1981-1985. If we add 114 kg of ZTsM and 473 kg of skim milk we obtain 853 kg, which is at least 2-2.5 fold greater than recommended norms.

So, millions of tons of ZTsM and starter mixed feeds have not improved the dynamics of intrafarm milk use. There is basis to assume (following the analogy of potatoes, hay, silage, etc) that some farms ascribe to livestock feeding purposes milk which is either not produced, has lost its useful properties or is used for other purposes. Strict norms for milk protein use per unit of each type of product are needed to avoid such cases. They are to be worked out for climatic zones, depending upon farm specialization, deliveries of ZTsM, starter mixed feeds, skim milk, etc. It is advisable that above norm milk consumption be counted towards reduced fulfillment of milk sales plans, but not more than the amounts of ZTsM received.

Prices have a significant role in managing the feed consumption process. As the percentage of purchased feeds increases continually prices can be used to regulate the amount of various feeds consumed, to stimulate the creation of specialized zones for the commercial production of feeds and to use secondary resources and substitutes. However, in the period examined, price forming factors have had no such noticeable influence upon feed intensiveness. This is explained by the general shortage of feeds, including mixed feeds, microadditives, etc. Under these conditions feed demand depends entirely upon supply. Prices for feed of industrial origin often do not correlate with their quality and the output of final products, nor do they take into account price movements for agricultural raw materials. Thus, while purchase prices for grain were unchanged, during 1966-1980 prices for mixed feed increased 2 fold. When one considers that returns from mixed feeds are 20-25 percent higher than concentrates produced at farms, while the price and production costs differ by 1.6 fold, then these rates and relations have in no way promoted improvements in intersectoral linkages and in the feed balance's structure. Only at the end of the 11th Five-Year Plan, as a result of measures taken by the May (1982) CPSU Central Committee Plenum to strengthen the economies of kolkhozes and sovkhoses, was approximate equality attained in price dynamics for grain and mixed feed. A role was also played by shortcomings in cost accounting relations resulting from gross evaluations of work results at enterprises and interfarm formations. This has distorted the material and technical base with regard to stages in the flow of feed, caused little attention to be paid to feed production from meadows and pastures and byproduct use and has substantially distorted accounting for feeds.

The suggested changes in accounting, planning and stimulating the rational use of feeds are in harmony with progressive forms for labor organization and payment, program requirements to intensify labor collectives' responsibility for improving the efficiency of agricultural production. Making payments to labor dependent upon gross income will give animal husbandry workers incentives to attain higher productivity indicators with minimal feed consumption and relatively low cost rations and will strengthen collective and personal interest in taking care of feed. Because the size of total gross income, social and cultural and material incentives funds depend upon results in animal husbandry they (results) are an object of general interest.

Thus, improvements in planning, norming and stimulating the rational use of feeds presume a strengthening both of the centralized principles and cost accounting responsibility for attaining the optimal levels and structure for livestock feeding and in stabilizing and subsequently reducing unit feed costs.

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11574

Grain Products Minister on Grain-Mixed Feed Exchange

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[Interview by A. D. Budyk, USSR Minister of Grain Products: "For Mutual Advantage"]

[Text] Science and practical experience have proven that a high degree of effectiveness in the use of grain for feed purposes is achieved when it is processed and fed in the form of mixed feed. At the same time, considerable quantities of grain, including bread grain, are being fed to animals at kolkhozes and sovkhoses throughout the country in pure form or simply as milled grain. Annually the tasks concerned with drawing this grain into the state's resources in exchange for mixed feed are not being carried out and the capabilities of the mixed feed enterprises are not being utilized fully. What is the reason for this situation? What measures are being taken to correct the problem? In response to a request by the Editorial Board of SELSKAYA ZHIZN, the Minister of Grain Products for the USSR A. D. Budyk herein furnishes answers for these questions.

"First of all" stated the minister, "it should be noted that the state is interested in acquiring the grain of kolkhozes and sovkhoses in exchange for mixed feed. This is an important factor for augmenting the country's food and fodder resources. The effectiveness of use of forage grain, through processing into mixed feed, increases by 20-30 percent and this is equivalent to an increase in the supplies of concentrated feed.

There are also other factors which serve to interest the farms in grain exchanges. Not all of the kolkhozes and sovkhoses have at their disposal the storehouse capacities or equipment required for the protection and processing of grain into mixed feed. As a result, there are losses and a deterioration in quality. In the case of a grain exchange, there is no need for the farms to bear expenditures for developing their own material base and at the same time they are able to obtain mixed feed during very difficult periods, for example during the winter and spring months.

[Question] How are accounts maintained in the case of exchange operations?

[Answer] First of all, the grain turned over by kolkhozes and sovkhoses in exchange for mixed feed is immediately paid for by the grain receiving enterprises at wholesale prices considered to be uniform for all regions of the country, less the turnover tax. The mixed feed is also released to the farms at wholesale prices and less the turnover tax. In this instance, the release is carried out on the basis of established equivalents. In addition, the state makes full payment for the transport expenses. The

grain receiving enterprises reimburse the kolkhozes and sovkhozes for the grain and mixed feed deliveries based upon uniform rates for motor vehicle transport and using budgetary funds.

[Question] Is it not true that the opinion persists that it is economically unprofitable for the farms to turn over grain in exchange for mixed feed?

[Answer] The average wholesale price for all grain crops is 124 rubles per ton. The average wholesale price for a ton of mixed feed is 132 rubles. Let us now calculate. One ton of grain is replaced by three quarters of a ton of mixed feed. The expenditures of mixed feed for obtaining livestock products produced by 1 ton of grain amount to 99 rubles. Thus, for each ton of grain turned over by a farm in exchange for mixed feed, assuming an average gain for it of 124 rubles, a savings of 25 rubles is realized. This is reflected in an increase in the net income (profit) of the kolkhozes and sovkhozes.

At the present time, exchange equivalents are also in effect for durum, strong and valuable varieties of wheat, millet and peas, at the rate of 1.3 quintals of mixed feed per quintal of grain and for buckwheat grain — 2 quintals. For a quintal of grain from forage crops, the farms obtain a quintal of mixed feed.

[Question] Is it not true that on some farms these conditions are considered to be unprofitable for kolkhozes and sovkhozes?

[Answer] I cannot agree with such a point of view. Indeed, the nutritional value of grain is lower than that of mixed feed. For example, a ton of barley, oats and forage wheat contains 110-116 kilograms of protein and a ton of mixed feed — 120-150 kilograms, or more by a factor of 1.2-1.3.

Taking advantage of their rights, the councils of ministers of the Belorussian, Lithuanian and Latvian SSR's, in the interest of encouraging exchange operations, established a preferred coefficient of exchange depending upon the type of crop and equal to one third quintal of mixed feed per quintal of grain. In the process, the farms receive 30 percent more protein than for a coefficient equal to a unit. As a result, in the Lithuanian and Latvian SSR's alone the 1966 harvest produced as much grain as was obtained in such a grain republic as the Ukrainian SSR, where the grain equivalent was established on a one to one basis. I believe that this positive experience must find its way into the other union republics. Recently the Council of Ministers for the Kazakh SSR handed down a decision this year calling for the release of 1.3 quintals of mixed feed per quintal of grain.

[Question] What is the order for this exchange and what should be the schedules for a farm carrying it out?

[Answer] In conformity with the established system, the grain receiving enterprises are authorized to accept grain in an exchange from kolkhozes, sovkhozes and other state farms over and above the volumes required for the laying in of seed, carrying out the plans called for in contractual agreements and also eliminating indebtedness to the state in the form of loans. The quality of the grain accepted in exchange must not be lower than the limiting conditions. With regard to the schedules for the exchange operations they are determined by the delivery farms. The grain products enterprises are always prepared to accept grain from them.

[Question] And what is the situation for those farms which are unable to carry out the plan for selling grain to the state and at the same time have quantities of forage grain available?

[Answer] In accordance with proposals submitted by the union republic councils of ministers, the USSR Ministry of Grain Products, by agreement with USSR Gosagroprom [State Agro-industrial Committee], is authorized to accept the grain of wheat of strong and more valuable (in terms of quality) varieties and also the grain of forage crops, regardless of fulfillment by the kolkhozes and sovkhozes of the plans for the sale of other grain crops or of farms which are unable to carry out sales plans owing to natural calamities. The release of mixed feed and the grain of forage crops is carried out at the rate of 1.3 quintals per quintal of wheat of strong and more valuable varieties and also durum (1st grade) wheat.

In addition, the USSR Ministry of Grain Products, by way of an exception, is authorized to accept buckwheat grain from farms in the form of an exchange for mixed feed, from the harvest for the current year regardless of fulfillment of the overall plan for the sale of grain to the state. Here the release of mixed feed is carried out in the following manner: farms which fulfill their plans for buckwheat purchases are issued 2 quintals of mixed feed per quintal of buckwheat and farms which do not fulfill these plans — 1 quintal of mixed feed per quintal of buckwheat.

In accordance with a request by the RSFSR Council of Ministers, farms in the Russian Federation are also authorized to supply peas from the 1987 harvest, in the form of an exchange for mixed feed regardless of the fulfillment of contractual obligations for the sale of this crop to the state, at the rate of 1 quintal of mixed feed per quintal of peas.

I would emphasize once again that enterprises of the USSR Ministry of Grain Products in all areas are accepting grain in exchange for mixed feed in unlimited quantities. When concluding agreements, our enterprises must ensure that the farms are provided with suitable means of transport and delivery schedules for obtaining their mixed feed.

FUELS

Tenghiz Field Development Studied by USSR Oil Commission

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in Russian No 7, Jul 87 pp 57-58

[Article by Ye.V. Gavura and I.P. Vasilyev: "Materials of the USSR Central Commission for Oilfield Development"]

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[Text] A session of the USSR Central Commission for Oilfield Development considered a process model for the development of the Tengiz oilfield in the Kazakh SSR that was composed by Giprovostokneft [State Institute for Planning and Research in the Petroleum Production Industry] (project manager B.F. Sazonov). Commercial oil content was established in subsalt Middle and Lower Carboniferous deposits, which are represented by oil-bearing limestone in the Bashkirian, Sepukhovian, Oskian, Tulian and Bobrikian deposits.

The field differs from all other oil fields in the Soviet Union in the conditions of the mode of occurrence, level of oil content, properties of the reservoir and anomalously high stratal pressure, the content of corrosive substances in the oil and dissolved gas. A total of 18 exploratory wells were drilled on it, of which 15 were tested. The average daily oil yield is 15.2-584 cubic meters/day at wellhead pressures of 21.3-55 megapascals. Survey operations at the field are continuing. The oil-water boundary has yet to be found in the surveying process. The boundaries of the accumulation have not been established and have been conditionally adopted.

The productive reservoir is of a complex nature with empty spaces. Three generalized types of reservoir have been delineated for estimating reserves: 1—fractal, the oil is contained and filtered through fractures alone; 2—porous-cavernous-fractal, distributed across the whole area and profile; 3—fractal-cavernous-porous, thanks to the high capacity containing the highest volumes of oil. The productive thickness of the field is an interbedding of the delineated types of reservoirs and has no clearly expressed conformity of distribution across the profile. The Carboniferous layer is subdivided into two formations.

In 1983 Giprovostokneft composed a process model for development that envisaged operations in a closed-compression depletion mode with transition to a dissolved gas mode with a disposition of wells in equal square grids of 1,000 x 1,000 meters. In the face of a reduction in stratal pressure, the injection of water in a test sector in a single element was proposed. The structure of the Carboniferous layer and the contours of the oil content were elaborated according to the results obtained in subsequent years, and the balance-sheet reserves were increased.

The process model that was presented considered versions for the development of the 1st formation, which differs by the modes of development (depletion mode, water injection), the rates of development and the well grids (707 x 707, 1,000 x 1,000 and 1,414 x 1,414 meters). The 2nd operational formation is planned for drilling after a reduction in stratal pressure in the 1st formation below hydrostatic. The recovery of liquids across the whole stock will be accomplished in the initial stages through the flow method. At all stages of field development, a single-pipe hermetically sealed head system for the collection of product from the wells is recommended.

Problems arise in well construction caused by the sharply differing properties of the three major levels uncovered: sand and clay, halogen and carbonate, anomalously high stratal pressure and high hydrogen sulfide.

Existing equipment and technical-process solutions make it possible to tap productive strata to depths of 6,500-7,000 meters. Well designs are selected from the conditions of the tapping of productive deposits at the required depths, ensuring both operation with the installation of equipment within the well and high reliability of the strings in the process of construction and long-term operation of the wells.

The considerable set of research operations that were conducted at the field was noted in the course of the discussion. The results of laboratory, geophysical and hydrodynamic methods of research were formulated. The necessity of tapping the whole productive layer of the 1st formation was established. At the same time, opportunities for employing hydrocarbon gas or other gases as working agents and the conditions of their mixing were not studied, and the possible ecological consequences of field development with a reduction in stratal pressure were not considered; concrete recommendations for the design of NKT and the configuration of equipment within the wells were not made, and issues of carrying out hydrochloric-acid treatment for formations with high heterogeneity and large stratal thickness, the selection of well designs and the protection of workers and industrial safety were not fully considered. A version with the continued development of the accumulation in an elastic mode was considered; it was decided to tap the productive profile in stages, envisaging the tapping of the upper part of the 1st formation with certain wells, and the lower part with others.

Deputy Minister S.M. Toplov emphasized the importance of a comprehensive approach to the development of the field and noted the inadequate study of issues of water injection and the extraction of all components.

Deputy Minister V.M. Yudin proposed the acceptance of the process model that envisaged the depletion mode, which gives due attention to the research operations. The

formation is proposed for complete tapping; a special scientific and technical program to solve all of the problems of the field under consideration will be formulated.

The presentation of First Deputy Minister of the Oil Industry V.Yu. Filanovskiy noted the necessity of doing additional research to elaborate the parameters of the formations and the liquids; it was proposed that the process model for development with the elastic mode, tapping the 1st formation at its whole thickness and envisaging the tapping of the lower and upper parts of the profile with some wells of the 1st formation, be accepted. The problems of drilling, the tapping of strata and their development were projected for inclusion on the agenda of the institutes, and the Chief Technical Administration was charged with coordinating this work.

The presentation of Minister of the Oil Industry V.A. Dinkov emphasized the importance of an approach to the development of the Tengiz Field as a unique field; it was noted that Giprovtokneft has not considered issues of the comprehensive development of the field in enough depth; drilling specialists have worked poorly on the design of wells; in the first stages of development, it is impossible to give a reliable estimate of the oil recovery ratio. The acceptance of the process model in the depletion mode alone was recommended along with the study of the issues in the technology of stimulation and raising the oil recovery ratio, calculating for comparison purposes versions with the injection of nitrogen, hydrochloric gas, hydrocarbon gases and others. Based on this, it is essential to consider the possibilities for a significant increase in the oil recovery ratio. A decision was made to form a standing group of leading specialists from the Nefteotdacha [Oil Extraction] MNTK [Intersector Scientific and Technical Complex], the Bureniye NPO [Scientific Production Association] and the territorial NIPs [Scientific Research and Planning Institute] for the operational monitoring of the course of resolution of the principal scientific and technical problems of the Tengiz Field.

The Central Commission noted:

- 1) The Tengiz Oilfield is characterized by unique features of geologic structure and is saturated with fluids;
- 2) There is currently no domestic experience in the development of fields with similar anomalous properties of reservoirs and fluids;

3) The boundaries of the accumulations of the 1st formation have not been established and the survey of the 2nd formation is not complete; the hydrodynamic communication across the profile of the accumulation has not been sufficiently studied; an elaboration of the geologic and physical parameters of the stratum is essential;

4) the process model does not envisage the possibility of employing modern stratal stimulation technologies or issues of well conservation and reconversion, and the ecological consequences of a reduction in stratal pressure below saturation pressure are not evaluated;

5) Giprovtokneft has in general carried out laborious work in the preliminary evaluation of the production possibilities and conditions for the development of the Tengiz Field.

The Central Commission recommended that the proposed planning document be approved as a process model for commercial-test development in the closed elastic mode. The tapping of the stratum at a depth of 250-300 meters in certain wells and depths of 450-460 meters in others was envisaged; wells on the 1st formation will be arranged in a square grid; the wells will be drilled in two stages: the first in a grid of 1,407 x 1,407 meters and the second in a grid of 1,000 x 1,000 meters.

Proposals were approved for the formulation of a comprehensive program of scientific research, design, experimental and test operations to elaborate and further study the geologic structure of the field during commercial-test operation, possible complications in development at various stages, the adoption of measures to avert them, questions of collection, treatment and transmission of the extracted product, ecological issues, safety equipment and health.

The Nefteotdacha MNTK was charged with doing TEO [technical and economic substantiation] on the employment of modern methods for raising the oil recovery ratio for the geological conditions of the Tengiz Field, and the Bureniye NPO was charged with making proposals for technical solutions for raising the stability of the flow strings under conditions of possible salt fluidity in the latter stages of development with a reduction in stratal pressure to below saturation pressure.

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CIVIL AVIATION

State Commission To Oversee Flight Safety Created

18290003 Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK in Russian No 30, 1987 pp 611-621

[Decree No 104 of the USSR Council of Ministers: Approving the Statute on the State Commission to Oversee Flight Safety under the USSR Council of Ministers, 28 Apr 87]

[Text] The USSR Council of Ministers decrees that:

1. The enclosed Statute on the State Commission to Oversee Flight Safety under the USSR Council of Ministers is approved.

Formation of the State Commission to Oversee Flight Safety under the USSR Council of Ministers does not relieve ministries, state committees, departments, enterprises, institutions and organizations of responsibility for flight safety.

2. Ministries, state committees, departments and organizations are charged with informing the State Commission to Oversee Flight Safety under the USSR Council of Ministers immediately of aviation accidents involving civil aircraft and their causes, as well as with submitting other information which directly concerns the flight safety of civil aircraft.

3. Decree No 323 of the USSR Council of Ministers of 23 April 1975 (SP SSSR [Collection of Decrees of the USSR], 1975, No 12, Article 72, and 1984, No 20, Article 108) is declared invalid.

[Signed] N. Ryzhkov, chairman of the USSR Council of Ministers; and M. Smirnyukov, administrator, USSR Council of Ministers.

Approved by decree of the USSR Council of Ministers, 28 April 1987, No 502

Statute on the State Commission to Oversee Flight Safety under the USSR Council of Ministers

1. The State Commission to Oversee Flight Safety under the USSR Council of Ministers (USSR Gosavianadzor) is an All-Union state organ which supervises, within the limits of its competence, the maintenance of aircraft flight safety by the appropriate ministries, state committees, departments, enterprises, institutions and organizations.

The USSR Gosavianadzor must promote increased flight safety and prevention of aviation accidents involving aircraft of the USSR through all its activity.

2. The USSR Gosavianadzor is guided in its activity by laws of the USSR, other decisions by the USSR Supreme Soviet and its Presidium, decrees and regulations of the USSR Council of Ministers, and this statute, as well as by other normative documents relating to its activity.

3. The USSR Gosavianadzor is responsible for:

a) state supervision of adherence by the appropriate ministries, state committees, departments, enterprises, institutions and organizations operating in the USSR:

—to flight rules, the rules for controlling air traffic, and regulations for operating and maintaining aircraft;

—to specifications for the manufacture of civil aircraft (in the event that defects which affect the flight safety of these aircraft are revealed in the process of operating them);

—to regulations for the operation of civil airfields and airfields for the combined basing of aircraft of the Armed Forces of the USSR and civil aircraft (henceforth called combined-base airfields) in the part which concerns the flight safety of civil aircraft, as well as to rules for the operation of ground equipment;

—to regulations for the training of aviation personnel in the part which concerns the flight safety of civil aircraft (including the examination of personnel and their authorization to work);

—to regulations for the official investigation of aviation accidents involving civil aircraft and their causes; and

—to the airworthiness standards for civil aircraft and regulations for their certification in the development, testing, series production, acceptance, operational, and maintenance stages; to the standards of fitness for operation of civil airfields and their typical equipment, as well as to the regulations for certification of civil airfields and combined-base airfields and their standard equipment;

b) state supervision of the development and implementation of preventive measures within established periods of time by the appropriate ministries, state committees, departments, enterprises, institutions, and organizations which are aimed at improving the flight safety of civil aircraft and the reliability of civil aircraft equipment which affects the flight safety of these aircraft;

c) official investigation of serious aviation accidents (crashes and accidents with fatalities) in the territory of the USSR involving Class I and II civil airplanes, Class I helicopters, and when necessary (in accordance with a decision by the chairman of the USSR Gosavianadzor or the directive of higher organs), those involving airplanes and helicopters of other classes and other aviation accidents involving civil airplanes and helicopters;

d) official investigation of aviation accidents in the territory of the USSR involving aircraft of foreign states and participation in the procedure established in investigation of aviation accidents involving aircraft of the USSR in the territory of other states;

e) verification of the correctness of classification and the objectivity and quality of the official investigation of aviation accidents involving civil aircraft (and when necessary, the causes of such accidents as well) performed by ministries, state committees, departments and organizations;

f) development of proposals, jointly with the ministries, state committees, departments and organizations concerned, for preventing aviation accidents involving aircraft;

g) keeping records of aviation accidents involving civil aircraft and analyzing the flight safety of the civil aircraft of ministries, state committees, departments and organizations, as well as information from the ministries, state committees, departments and organizations concerned on the condition of flight safety;

h) providing methodical guidance in the training of specialists who conduct the official investigation of aviation accidents involving civil aircraft;

i) providing state supervision of the development and introduction of technical facilities for the search and rescue of aircraft and their passengers and crews in distress;

j) issuance, under the procedure defined by the Commission, of:

—an airworthiness certificate for a type of civil aircraft, in accordance with an application by the USSR Ministry of the Aviation Industry and Ministry of Civil Aviation, if the results of plant, state and operational tests have established that the type of aircraft concerned conforms to the airworthiness standards for civil aircraft operating in the USSR;

—an airworthiness certificate for a type of transport aircraft designed to carry personnel of the Armed Forces of the USSR, in accordance with an application by the USSR Ministry of the Aviation Industry and Ministry of Defense, if the results of plant, state and operational tests have established that the type of aircraft concerned conforms to the airworthiness standards for civil aircraft operating in the USSR (to the extent agreed upon between the ministries cited);

—an airworthiness certificate for a type of military transport aircraft accepted for operation in civil aviation, in accordance with an application by the USSR Ministry of the Aviation Industry, Ministry of Civil Aviation, and Ministry of Defense, if the results of plant, state and operational tests have established that the type

of aircraft concerned conforms to the airworthiness standards for civil aircraft operating in the USSR (to the extent agreed upon among the ministries cited);

—certificates of fitness for operation under Category I, II and III ICAO (International Civil Aviation Organization) weather minimums of civil airfields and combined-base airfields which have been registered in the established procedure in the State Register of Civil Airfields of the USSR (henceforth called categorized civil airfields) and their standard equipment, in accordance with an application by the ministries, state committees, departments and organizations concerned, if these airfields and equipment have been brought into conformity with the standards of fitness for operation for civil airfields and typical equipment in use in the USSR by these ministries, state committees, departments and organizations;

k) participation in the work of interdepartmental commissions to develop airworthiness standards for civil aircraft and standards of fitness for operation of civil airfields and their typical equipment, and approval of these standards jointly with the ministries, state committees and departments concerned, as well as joint participation with the ministries, state committees and departments cited in preparing decisions on putting them into effect; and

l) in the procedure established, participation in the work of international organizations related to matters involving the competence of the USSR Gosavianadzor.

4. The USSR Gosavianadzor:

a) develops and implements, with the participation of the ministries, state committees and departments concerned:

—regulations on the classification and the procedure for conducting official investigation of aviation accidents involving civil aircraft in the territory of the USSR and their causes, which are obligatory for all ministries, state committees, departments, enterprises, institutions and organizations which develop and operate civil aircraft;

—rules for certifying civil aircraft and transport aircraft designed to carry personnel of the Armed Forces of the USSR which establish the procedure, obligatory for ministries, state committees, departments, enterprises, institutions and organizations, for certification of these aircraft and verification of their compliance with the airworthiness standards for civil aircraft operating in the USSR in the development, testing, series production, acceptance, operational and maintenance stages; and

—rules for certifying categorized civil airfields and their typical equipment which establish the procedure, obligatory for ministries, state committees, departments and organizations, for the certification of such airfields and equipment (in accordance with the listing agreed upon

among the ministries, state committees, departments and organizations concerned) and for verifying that these airfields and equipment conform to the standards of fitness for operation of civil airfields and their typical equipment in use in the USSR;

b) develops the forms of certificates for an aircraft type, for a categorized civil airfield and its standard equipment, and the forms of the applications submitted by ministries, state committees, departments and organizations to obtain certificates, as well as the listing of certification documents; and

c) in the procedure established, transmits the materials from an official investigation of aviation accidents involving civil aircraft to organs of the Office of the Public Prosecutor.

5. The regulations on the procedure for conducting an official investigation of aircraft collisions and other aviation accidents, if the aircraft of different ministries, state committees, departments and organizations were involved in these accidents, are formulated and approved by the USSR Gosavianadzor and the USSR Ministry of Defense in coordination with the ministries, state committees, departments and organizations concerned.

6. The USSR Gosavianadzor has the right:

a) to inspect, within the limits of its competence, the work of ministries, state committees, departments, enterprises, institutions and organizations which is related to the flight safety of civil aircraft.

Representatives of the ministries, state committees, departments, enterprises, institutions and organizations concerned and representatives of a customer (with the consent of these ministries, state committees, departments and organizations) may be involved in the inspections cited.

When necessary, such inspections may be performed by these ministries, state committees, departments and organizations on behalf of the USSR Gosavianadzor.

b) to form commissions to conduct an official investigation of aviation accidents involving civil aircraft with participation by representatives of the ministries, state committees, departments and organizations concerned (in coordination with them);

c) to hear reports and accounts:

—from the representatives of ministries, state committees and departments, as well as the managers of enterprises, institutions and organizations, on matters related to flight safety, including the airworthiness of civil aircraft and the fitness for operation of civil airfields and categorized civil airfields and their typical equipment;

—from the representatives of commissions conducting an official investigation of aviation accidents involving civil aircraft which were formed in accordance with decisions by the USSR Gosavianadzor and other ministries, state committees and departments of the USSR;

d) to demand and obtain from the ministries, state committees, departments, enterprises, institutions and organizations concerned the normative documents, plans for measures, orders, instructions, documents, information and materials on matters related to the flight safety of civil aircraft, including the conduct of an official investigation of aviation accidents and their causes; the conformity of civil aircraft to airworthiness standards and the conformity of civil airfields and their typical equipment to the standards for fitness; other documents aimed at improving the level of flight safety of these aircraft and the reliability of aviation equipment; and documents related to the certification of transport aircraft designed to carry personnel of the Armed Forces of the USSR, as well as current information on aviation accidents involving civil aircraft and their causes;

e) To provide directions on matters within its competence to the ministries, state committees and departments concerned, as well as to institutions, organizations and enterprises (with simultaneous notification to the ministries, state committees and departments of which they are a part) which are obligatory to eliminate the violations and defects brought to light in work to ensure the flight safety of civil aircraft, and to establish a period of time for presenting information on the steps being taken;

f) to verify the correctness of state registration of civil aircraft and civil airfields and the issuance by ministries, state committees, departments and organizations of documents attesting to the airworthiness of civil aircraft and to the state registration and fitness for operation of civil airfields;

g) to suspend the operation of civil aircraft and civil airfields and their equipment, the effect of documents attesting to the airworthiness of civil aircraft and the state registration and fitness of civil airfields for operation, the effect of certificates for the aircraft indicated, for transport aircraft designed to carry personnel of the Armed Forces of the USSR, and for categorized airfields and their typical equipment, and where necessary, to revoke these certificates when defects which threaten flight safety are revealed until these defects have been eliminated, with notification of the ministries, state committees, departments and organizations concerned;

h) to require the administrators of ministries, state committees, departments, enterprises, institutions and organizations to take appropriate measures against persons who violate flight rules, air traffic rules, and the

rules for the manufacture, operation and maintenance of civil aircraft, as well as the rules contained in other normative documents to ensure flight safety.

i) In coordination with the ministries, state committees, departments and organizations concerned, to enlist the services of representatives from the central organization of these ministries, state committees, departments and organizations, as well as skilled specialists from the enterprises, institutions and organizations subordinate to them, to take part in conducting an official investigation of aviation accidents and to provide expertise and technical advice in matters related to an official investigation of aviation accidents, the compliance of civil aircraft with airworthiness standards, and the compliance of civil airfields and categorized civil airfields and their equipment with the standards for the standards for the fitness of civil airfields and their typical equipment for operation; j) to charge ministries, state committees and departments, in the procedure established, with performing the necessary work, inquiries, tests and research in the process of conducting an official investigation of aviation accidents and with providing for information support and the analysis of data obtained in an official investigation of aviation accidents and their causes;

k) in the procedure established, to call on those ministries, state committees, departments, enterprises, institutions and organizations which are engaged in the development (construction), testing, series production, acceptance, operation and maintenance of civil aviation equipment, civil airfields, and combined-base airfields and their equipment;

l) to charge the ministries, state committees and departments concerned with the inclusion of scientific research work on flight safety problems, including the airworthiness of aircraft and the fitness for operation of airfields and their typical equipment, in the plans of subordinate scientific research, planning and design organizations and higher educational institutions;

m) to take part in the discussions held by ministries, state committees and departments with the organizations of foreign states on matters related to the development and export (import) of civil aviation equipment;

n) to provide for contacts, in the procedure established, with appropriate organizations in CEMA member countries and other states on matters related to the competence of the USSR Gosavianadzor, and to ensure that international agreements of the USSR related to its competence are carried out; and

o) to include employees of the USSR Gosavianadzor as crewmembers of civil aircraft, in the procedure established, as inspectors on flights on domestic and international air routes.

7. The USSR Gosavianadzor is staffed by the chairman of the USSR Gosavianadzor, deputy chairmen by functions (including the first deputy chairman and a deputy chairman—the chief of the State Aviation Register of the USSR), as well as members of the commission who are supervisory employees of the USSR Gosavianadzor.

8. The USSR Gosavianadzor is headed by a chairman appointed by the USSR Council of Ministers. The chairman's deputies are appointed by the USSR Council of Ministers.

Members of the commission are confirmed by the USSR Council of Ministers.

The chairman of the USSR Gosavianadzor assigns duties among his deputies.

The chairman bears personal responsibility for the tasks and functions entrusted to the USSR Gosavianadzor and establishes the degree of responsibility of his deputies and the chiefs of structural subunits for supervision of the individual areas of activity of the USSR Gosavianadzor.

Within the commission's competence and on the basis of the laws of the USSR, other decisions by the USSR Supreme Soviet and its Presidium, and the decrees and regulations of the USSR Council of Ministers and in their execution, the chairman of the USSR Gosavianadzor issues orders, decrees, instructions and directives and organizes and verifies their execution.

Where necessary, the USSR Gosavianadzor issues orders and instructions jointly with other ministries, state committees and departments of the USSR.

In performing the functions and responsibilities entrusted to the commission, the chairman of the USSR Gosavianadzor enjoys the rights granted by legislation in force to ministers of the USSR.

9. In its regular meetings, the USSR Gosavianadzor examines matters related to efforts made by ministries, state committees, departments and organizations to ensure the flight safety of civil aircraft, including the official investigation of aviation accidents, the development and implementation of preventive measures to forestall aviation accidents, suspension of the operation of civil aircraft and civil airfields, and the issuance, suspension, and revocation of airworthiness certificates for aircraft and certificates of fitness for operation of categorized civil airfields and their typical equipment, hears reports from managers on the work of the commission's structural subunits; reviews personnel selection and placement problems; and resolves other problems connected with the activity of the USSR Gosavianadzor.

As a rule, the commission's decisions are put into effect by decrees of the USSR Gosavianadzor.

In the event of disagreements between the chairman and members of the commission, the chairman will implement his decision, reporting on the differences which arose to the USSR Council of Ministers.

In resolving problems which affect the interests of individual ministries, state committees, departments, enterprises and organizations, their representatives are invited to commission meetings.

10. The decisions of the USSR Gosavianadzor related to its competence are mandatory for all ministries, state committees, departments, enterprises, institutions and organizations.

11. An interdepartmental scientific and technical council consisting of supervisory employees and scientists from ministries, state committees, departments, enterprises, institutions and organizations is formed in the USSR Gosavianadzor to examine urgent problems related to the flight safety of civil aircraft and to work out proposals to prevent aviation accidents involving these aircraft. Personnel of the interdepartmental council are confirmed by the chairman of the USSR Gosavianadzor in accordance with their presentation by managers of the ministries, state committees, departments and organizations concerned.

The decree on the interdepartmental council is confirmed by the chairman of the USSR Gosavianadzor in coordination with managers of the ministries, state committees, departments and organizations cited.

12. A scientific research laboratory is established under the USSR Gosavianadzor to study the ways and means of conducting an official investigation of aviation accidents and their causes for day-to-day operations related to the processing and analysis of flight data obtained in conducting an official investigation of aviation accidents, as well as to an analysis of aircraft flight safety.

13. The structure and number of employees of the USSR Gosavianadzor is approved by the USSR Council of Ministers.

14. Employees of the USSR Gosavianadzor have special certification.

15. The USSR Gosavianadzor has a seal with an imprint of the State Seal of the USSR and its name.

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MOTOR VEHICLES, HIGHWAYS

RSFSR Motor Transport Official on Sector Changes

18290191a Moscow AVTOMOBIL'NYI TRANSPORT
in Russian No 7, Jul 87 pp 1-3

Article by A. Vasilyev, first deputy minister of automotive transportation of the RSFSR: "Under the New Conditions of Management"

[Text] Since 1 January 1987 territorial associations and enterprises of automotive transportation have been working under the new conditions of management.

Workers of the branch are concentrating their efforts on accelerating scientific and technical progress and utilizing the existing production and scientific potential more completely.

Improvement of the economic mechanism and more effective application of new methods of management as well as preparation for changing the branch over to self-financing on 1 January 1988—these are the most important tasks of the present day. For their successful implementation it is necessary to restructure personnel work in the branch and increase the responsibility of all workers for the final results of their labor and for the quality of transportation service for the national economy and the population.

The branch's social base must also be developed more intensively. These are the main areas of the restructuring that is being carried out in automotive transportation.

The acceleration of scientific and technical progress is based not only on the introduction of new technologies, forms and methods of organizing shipments, and technical service and repair of motor vehicles, but also on extensive development of progressive forms of shipments that are applied, the utilization of better means of transportation and modernization of existing ones, and increased effectiveness of their utilization.

Resolving these problems became a task of primary importance for us since the production base of the automotive enterprises, as a result of inadequate allotments of capital investments, had fallen significantly behind, as a result of which considerable difficulties arose in maintaining the automotive fleet at a high technical level. Moreover, the estimated expenditure indicators for the operation of automotive transportation that had been in effect for a number of five-year plans—cargo turnover in ton-kilometers and passenger turnover—led to a situation where in the struggle to fulfill these indicators the quality of transportation service for the national economy and the population deteriorated and the development of certain progressive kinds of shipments became disadvantageous for the automotive enterprises.

Since 1987 we have applied a new evaluation indicator for the operation of cargo transportation—the volume of cargo shipments in tons for the various ministries and departments in keeping with agreements, and for passenger transportation—the volume of income, including from city bus routes. This has required a significant restructuring of the operation of all services, above all the operation of service, and greater demands have been placed on the quality of agreements that are concluded with this problem being worked out beforehand with the client on the basis of transportation balances that are compiled for the various regions, and greater requirements have also been placed on the quality of the scheduling of buses on the basis of a study of passenger

flows. Under the new conditions of management questions of quality, that is, the degree of fulfillment of agreements within the established time periods that are planned in keeping with the scheduled movement of buses has begun to directly affect the amounts of material incentives of automotive transportation enterprises and organizations.

The work under the new conditions made it possible during the first quarter of this year to provide for fulfillment of the plan with respect to all the planned ministries and departments in keeping with agreements that were concluded and to carry out 2.3 million more bus trips than there were during the same period of last year.

The majority of territorial associations and enterprises provided for 100 percent fulfillment of agreements that were concluded—Gorkiyavtotrans, Permavtotrans, Sverdlovskavtotrans, Kurganavtotrans, Irkutskavtotrans, Arkhangel'skavtotrans, and others.

But up to this point contractual commitments have not been fulfilled (10—15 percent) by Lipetskavtotrans (Comrade Shprykov), Kaliningradavtotrans (Comrade Kudryashov), Saratovavtotrans (Comrade Kokushkin), Pensaavtotrans (Comrade Kudinov), and they have not the necessary organizational work that guarantees stable and high-quality operation of transportation at enterprises of these associations.

The second shortcoming is the loss of capital. Certain territorial associations are not doing much work for steadily increasing income, increasing labor productivity, and making sure that the growth rates of labor productivity are greater than those of the average wages. Unsatisfactory work is being done by Ivanovoavtotrans (Comrade Chernykh), Kalininaavtotrans (Comrade Bondko), Karelaavtotrans (Comrade Markianov), Pskovavtotrans (Comrade Kolesov), Volgograd Avtotrans (Comrade Milovanov), Rostovgruzavtotrans (Comrade Butsay), and Glavlavtotrans (Comrade Yakovlev). The collectives of these associations must take the proper measures to eliminate the shortcomings.

Improvement of the work of enterprises under the new management conditions and maximum utilization of its advantages are very significant today. In first place is the readiness and ability to work in the new way on the part of all workers of the branch, from managers of subdivisions, engineering and technical personnel, and employees, down to drivers and repair workers. In 1986 in all subdivisions of the RSFSR Ministry of Automotive Transportation they studied in detail the work of five territorial associations which were operating under the conditions of the large-scale experience and in terms of the annual results of this work they considerably exceeded the average growth rates for the ministry.

In 1987 the organizational work of the RSFSR Ministry of Automotive Transportation was concentrated in collectives of territorial administrations and automotive enterprises. During the first quarter the managers of the central staff and the republic associations participated in work meetings of automotive enterprises and associations and explained the peculiarities of the work under the new conditions and at the same time earmarked the tasks for 1987 and the 12th Five-Year Plan as a whole and developed measures for their implementation. Economic methods of management are being introduced at all levels of the ministry.

A great deal of attention is being devoted to extensive application of cost accounting and also to development of the brigade form of labor organization. As practice shows, the new conditions for management produce the greater return under the conditions of economic interest not only on the part of the enterprises as a whole, but also on the part of each worker. The number of contract brigades and the overall number of brigades are: in cargo shipments—20.5 percent, bus—38.6, and taxis—37.4. The most promising form of labor organization, which makes it possible to achieve maximum improvement in the organization of shipments of cargo and passengers, is the brigade contract, which will encompass 100 percent of the brigades by the end of the five-year plan. This work is being conducted most actively in Kemerovopassazhiravtotrans, where at the present time more than 60 percent of the brigades are working under contract. Thus the brigade of Comrade Kryakunov from the Kemerovo PATP No 1 fulfilled the plan for income in the first quarter of this year by 107.2 percent, planned losses were reduced by 9.5 percent, and hourly earnings increased by 30.6 percent, which made it possible to provide for a 1.5-fold increase in labor productivity as compared to 1986. More than half of the brigades were changed over the contract in Permavtotrans.

The changeover to the contract method made it possible for Comrade Furdik's brigade from the Berezniki PATP to increase incomes by more than 30 percent. The situation was similar in the brigades of Irkutskavtotrans, Gorkiypassazhiravtotrans, and others.

In the practice of planning and economic activity stable long-term economic normatives are used, which coordinate the amounts of material remuneration of labor collectives with the results of labor that have been achieved.

An important task this year is to disseminate at all enterprises and organizations under our jurisdiction the payment for the labor of truck drivers using indicators of the volume of cargo shipments in paid automotive ton-hours and the establishment of shift-day assignments for drivers. The results of work under the conditions of the experiment at 10 automotive enterprises showed the possibility of considerably improving the quality of transportation service for the national economy on the

basis of bringing cost accounting interests of the enterprises being served and those of the automotive transportation enterprises closer together while reducing transportation outlays and the expenditure of fuel and eliminating writeups.

The RSFSR Ministry of Automotive Transportation prepared methodologically and organizationally for successfully conducting this experiment on a broad scale. The success in this matter depends largely on both the activity and the efficiency of the work of the ministries and departments of cargo dispatchers and cargo recipients in preparing their enterprises for work under these conditions. And workers of the operation service at all levels play a large role here.

A most important measure conducted in the branch is the improvement of the organization and payment for labor, the increase of its effectiveness and, on this economic basis, the changeover of workers to the new wage rates and salaries. It is intended to carry out this changeover during 1987-1988, for which it will be necessary to release a wage fund in the amount of 425 million rubles. To do this it will be necessary to reduce the number of workers by 67,000 and increase labor productivity by 10-12 percent in excess of that established by the assignment.

A businesslike, goal-directed approach in solving these problems is being manifested by the majority of collectives of enterprises such as the Borkutinskaya POAT (Comrade Kolesnikov), the Asbestovskoye PATP (Comrade Korolev), the Salavatskoye PATP (Comrade Ryabov), the Chelyabinskoye PATO-2 (Comrade Nikulin) and others. The work here was based on expansion of the kolkhoz cost-accounting contracts for brigades columns, and productions, improvement of the organization of the transportation process, and reduction of the number of workers. In these collectives volumes and dissolved income are increasing, labor productivity is increasing by 12-15 percent as compared to the plan with an increase in wages of 7-9 percent and a reduction of personnel by 8-12 percent.

At the same time there are still stereotypical approaches to this work on the part of certain managers of enterprises and territorial associations. Many still hope for help from above instead of mobilizing each member of the collective for active work.

The restructuring of the personnel policy in the branch since the January (1987) Plenum of the CPSU Central Committee and the formation of a highly effective personnel potential as well as its renewal are still going slowly. The minister has earmarked paths to restructuring the personnel policy, the main one of which is democratization of the selection and placement of personnel. The first steps have already been taken in this direction.

The branch has begun to elect managers. More than 30 managers have already been elected, including the chiefs of the territorial associations Pskovavtotrans and Nogradavtotrans. For these positions they nominated four and two candidates, respectively, and they were discussed preliminarily at party bureaus and then at a meeting of the aktiv where they invited workers of the associations' staff, managers of enterprises, and representatives of party and trade union organizations. The elections were held by open voting. Comrades O. V. Kolesov and V. Ya. Lobanets were elected.

In Rosavtoremprom, Rosavtotekhnobsluzhivaniye, Spetsiyazhvtotrans, Mosoblpassazhiravtotrans, Smolenskavtotrans, Primorskavtotrans, Voronezhavtotrans, Mordovavtotrans and several other associations several enterprise managers were approved by elections. Their elections took place at open meetings of collectives of the enterprises with open or concealed voting. At all enterprises they discussed no less than two candidates. More than half of the elected managers were from the reserve for promotion. The following were elected: Shurygin, I. P.—chief of the Safonovskiy ATP of Smolenskavtotrans, Comrade Dikarev, A. A.—director of the Penzaoblastvotekhnobsluzhivaniye Production Association, Comrade Korotkov, V. V.—director of Michurinskoye ARZ, and others.

At the January plenum they especially emphasized the need to activate the social policy. In spite of the ministry's overfulfillment of the plans for housing construction, the problem of providing well-arranged apartments for workers in the branch remains critical. In the branch there are now almost 145,000 people waiting for better housing conditions, and we will have to solve this problem before the year 2000.

It has been determined that it will take 1.8 billion rubles for housing construction during this period, which can be provided by an annual deduction of 150,000 rubles from the funds for social, cultural and domestic measures and housing construction and the material incentive fund, and also as a result of acquiring money from workers of the branch for cooperative construction. This will require not only stable operation of enterprises, but also a threefold increase in the capacities of our construction organizations.

The RSFSR Ministry of Automotive Transportation is providing for the planned rates of economic growth for the 12th Five-Year Plan, which is shown by the results of its work for 1986 and the first quarter of this year. But there is still much to do.

In order to increase the effectiveness and improve the quality of the transportation process, the necessary work is being done to change over to complete cost accounting and self-financing of the ministry and the associations, enterprises, and organizations under its jurisdiction. Here it is envisioned to expand the independence of the

economic subdivisions, to increase their rights, and to increase their responsibility for the results of their economic activity on the basis of the law concerning the state enterprise.

The principal distinction of the changeover to complete cost accounting and self-financing is the distribution of this not only to the associations (enterprises) and organizations, but also to territorial associations and the ministry as a whole.

Each automotive transportation worker—from the manager to the laborer—must recall that he along with everyone else bears responsibility for the economic activity of the collective. All our achievements depend above all on man, his energy and enthusiasm, his labor activity, and his sense of social duty.

It is envisioned to further improve the system of planning indicators and normatives. Instead of the indicator of "passenger turnover (calculated)—in the five-year plan" there is to be the indicator "volume of income from transportation of passengers (calculated)—in the five-year plan." In the work practice there will be no more superfluous duplicating indicators or normatives: the volume of sales of consumer services to the population—in the annual plan; expenditures per ruble of income from all kinds of activity; the growth of labor productivity; the normative of the wage fund for management engineering and technical personnel and employees; the normative of the wage fund for designers, technologists, and scientific workers.

The policy for forming normatives itself is being changed. The normative ratio between the increase in the average wages and the increase in labor productivity is to be established not in the annual but in the five-year plan. Other normatives for forming funds—material incentive, social development, and the development of the production of science and technology—are established only at the level of the association or enterprise in percentages of profit remaining at the disposal of the association or enterprise (and not in percentages of the balance profit).

For the ministry, instead of the normative for deduction into the reserve fund, it is suggested that they establish normatives for deductions into the centralized fund for the development of science and technology and into reserves for the material incentive fund and the fund for social development.

The products list (in keeping with the draft of the law concerning the state enterprise (association) and the sources for the formation and use of economic incentive funds are also changing.

The fund for social development is being established (along with the fund for social-cultural measures and housing construction). Under the conditions of self-financing this sum becomes the basic source of financing

nonindustrial construction and also the maintenance of children's preschool institutions, the coverage of expenditures for housing and municipal services, and so forth.

The fund for the development of production, science and technology (instead of just the fund for the development of production) will be formed from deductions from profit according to established normatives and the entire sum of amortization deductions. Under the conditions of self-financing this fund becomes the main source of financing expenditures for technical reequipment and reconstruction of existing enterprises, and the acquisition of rolling stock except for buses for shipment for transporting passengers within cities.

The acquisition and means of transportation will be carried out territorial associations (main administrations). In this connection it is stipulated that the territorial associations (main administrations) and the ministry will have the right to form the centralized fund for the development of production, science and technology. The centralized fund for the development of production science and technology of the ministry is intended for the acquisition of rolling stock, the financing of capital investments for technical reequipment, reconstruction, and other work of a general branch nature.

The construction of new enterprises will be carried out with centralized state capital investments financed from the centralized fund for the development of production, science and technology.

A new concept is being introduced—state ordering of transportation services. This is the volume of shipments of cargo for the various ministries and departments that are cargo dispatchers (no more than 90 percent of the overall volume of transportation of cargo in tons).

The ministries are to have the right to establish indicators, limits and normatives for associations and enterprises under their jurisdiction that carry out international shipments and shipments of heavy cargoes to industrial enterprises. Along with all the associations and enterprises, science and science support organizations will be changed over as an experiment to complete cost accounting and self-financing.

There is to be a centralized policy for accounts with the budget at the level of the territorial association.

Associations and enterprises will be granted the right to establish the structure of management and the staff distribution independently, without registration and financial agencies, and without accounting for the norms and ratios of numbers of managers and specialists, average salaries according to the system for salaries within the limits of the wage fund calculated on the basis of normatives of the wage fund established in the five-year plan.

When changing over to complete cost accounting it is necessary for all enterprise workers to clearly figure out and study the system of new conditions for management and they must develop the ability to organize things in such a way that the effectiveness and quality of transportation work improve with minimum material expenditures.

It is necessary to determine the level of independence of each economic subdivision, keeping in mind mandatory non-reducible payments into the budget.

It is necessary to correctly estimate the level of existing funds and the needs of the collective both in social and in industrial construction, the acquisition of means of transportation and equipment, and the improvement of the level of their utilization.

On the basis of an evaluation of the state of affairs, the necessary measures should be worked out for increasing the volumes of income and in all ways economizing on existing reserves. The utilization of the achievements of scientific and technical progress will make it possible in the branch to provide for increasing labor productivity and material incentives for each worker to utilize automotive transportation effectively and productively, to provide high-quality transportation service for the national economy and the population, and to fulfill without fail the assignments of the 12th Five-Year Plan that were determined by the decisions of the 27th CPSU Congress.

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11772

KaSSR Highway Minister Discusses Progress of Restructuring

18290192a Moscow AVTOMOBILNYYE DOROGI
in Russian No 7, Jul 87 pp 1-3

[Article by Sh. Kh. Bekbulatov, KaSSR highway minister: "The First Results of Restructuring the Economic Mechanism of the Highway Grant"]

[Text] In the highway branch of Kazakhstan a process of restructuring has begun which is directed toward making sure that the development of highways corresponds fully to the needs of the national economy and the population for transportation. Under these conditions the main criterion for evaluating the ministry's activity has been the provision of convenient, safe, and unimpeded passage for automotive transportation with the calculated speeds and loads throughout the entire year, regardless of the weather and climate conditions.

The restructuring that is being carried out has affected all spheres of the activity and social life of the republic's highway workers. Beginning on 1 January 1987, the republic's highway department changed over to new conditions of management.

Preparation for Changing Over to the New Conditions of Management

While in preparing for changing contract organizations and industry over to the new conditions the ministry relied on the methodological developments and experience of other branches and departments, in the operation of the highways there were no such analogues. It was necessary to determine independently the approved indicators for annual and five-year plans, the economic normatives, the fund-forming indicators, and the criteria for evaluating the activity of the highways operations administrations. The changeover to the new conditions of management was preceded by two years of preparatory work which was carried out in keeping with the developed plan for organizational and technical measures.

In order to coordinate the preparation for the changeover to the new management condition, a branch commission was created in the ministry and working conditions were created in the local areas. Training was conducted for the central staff and engineering and technical personnel, and the style and methods of management were improved on the basis of democratic principles, collegiality, increased business and executive efficiency, mutual demandingness and personal responsibility for the area of work assigned to the workers as well as for the final results. The year 1986 was the beginning of a resolute restructuring of highways and their changeover to the intensive path of development.

In 1986 we successfully fulfilled all volume and technical-economic indicators. As compared to 1985 the increase in contracting work amounted to 6.2 percent, work on capital and regular repair of highways — 8.2 percent, and the volume of products sold — 3.2 percent. The plan for profit was overfulfilled by 5.6 percent. For the first time in the past 7 years the ministry fulfilled the assignment for increasing labor productivity in construction. The startup of highways was increased by 26 percent, and 22 percent more capital investments were assimilated. It is typical that this increase was achieved using the same resources, with existing capacities, and without increasing the number of workers.

New Management Conditions

The main goal of the changeover to the new conditions of management is to provide for a steady increase in transportation operations indicators throughout the entire highway network. This is achieved as a result of improving the quality of repair and maintenance of

highways on the basis of more effective utilization of the existing production in scientific-technical potential and labor, financial, and material resources.

There has been a fundamental change in the nature of planning highway work. For the first time a five-year plan drawn up on the basis of stable normatives has been approved for it. On its basis we develop annual plans in which the number of established indicators has decreased from 16 to 7. The changeover to planning in terms of physical indicators instead of monetary ones has become an important aspect under the new conditions and has improved the observance of the time periods between repairs.

As the basic indicator we have used the distance of repaired paid highways. While under the 11th Five-Year Plan as compared to the 10th the distance of repaired highways increased by 11.2 percent and the limit of monetary expenditures increased by 35.1 percent, under the 12th Five-Year Plan this ratio changed radically. The distance of repaired highways increased by 26.9 percent and the limit on monetary expenditures by only 14.3 percent, which in the final analysis will make it possible by 1992 to eliminate the arrears in repairs and reach the normative volumes of highway repair in terms of the time periods between repair jobs. Even this year we are repairing 2,100 kilometers of highway more than in 1986. Moreover, there will be no reduction of the introduction of new highways or the increase in the distance of paved highways.

Another basic indicator is the quality of highway maintenance, which is determined by the lack of defects in the network being serviced. In 1986 this indicator was 72.2 percent, but by 1991 it will reach 74.5 percent. During the 5 years the distance of highways with defect-free maintenance will increase by 3,200 kilometers. For the network of highways with defect-free maintenance we have introduced an additional indicator called "maintenance of highways with an evaluation of 'excellent.'" The requirements for this evaluation are fairly strict and therefore the indicator is modest at first—7.1 percent by 1990.

Results of Work During the First Quarter of 1987

Highway organizations successfully fulfilled the national economic plan and the socialist commitments that were adopted for the first quarter of 1987. The plan for the repair of highways was overfulfilled by 11.4 percent and the limit on expenditures for capital and regular repair—by only 2.5 percent. The distance of paved highways that were introduced exceeded the plan by 35.2 percent. The volume of contracting work was overfulfilled by 2.1 percent. The assignment for increasing labor productivity and industry was fulfilled by 107 percent, in construction —by 104.9 percent, and, as a result of this, we received 3.7 million rubles' worth of construction and installation work and produced additional industrial

products worth 2.3 million rubles. The sum of overexpenditure of the wage fund was reduced by a factor of 4.4. In construction we saved 1.5 million rubles and in industry, 0.6 million rubles on the wage fund.

The plan for economizing by reducing the production cost of construction and repair of highways was fulfilled by 110.9 percent, and the plan for profit—by 106.3 percent. The number of businesses planned to operate at a loss was reduced by a factor of 3 (only two of them remain). The operation of less profitable organizations improved—the subsidies for covering their expenditures decreased from 11.2 to 5 million rubles. It is expected that the economic indicators for the first half-year will be lower than the first quarter.

These results even today confirm the high effectiveness and economic expedience of changing the ministry over to the new conditions of management.

Increasing Economic Independence

The new conditions for management have considerably expanded the rights and capabilities of highway organizations and granted them more independence in utilizing various funds formed depending on the results of their production and financial activity.

For forming the material incentive fund we have established criteria that stipulate increasing it by 15 percent for fulfilling the plan for highway repair in physical indicators, up to 10 percent for each percentage point of overfulfillment of the plan with a quality evaluation of "excellent," and also as a result of the unutilized wage fund and the savings on material and fuel-energy resources. The fund is reduced by no less than 30 percent if the plan is not fulfilled with respect to fund-forming indicators and is reduced by 3 percent for each percentage of underfulfillment of the plan in physical terms.

The areas for the utilization of the fund for the development of production, social-cultural measures and housing construction, and material incentives have been concretized and approved. In 1987 the fund for the development of production increased by a factor of 4 and during the years of the 12th Five-Year Plan as compared to 1986 it will increase by a factor of 9.4 and amount to 85 million rubles.

The ministry has 29 departmental kindergartens that can accommodate 5,900 children, and it is necessary to construct another 13 to accommodate 2,800 more.

In keeping with the program entitled "Housing-91" which envisions during the course of 5 years granting each family of highway workers a separate well-arranged apartment in an urban location and within 1 year in rural locations, and it will be necessary to construct 10,600 apartments with an overall dwelling space of 654,000 square meters. Using the fund for social-cultural measures and housing construction, even this year we shall

construct four kindergartens, two sports facilities, and 115,000 square meters of dwelling space, which will make it possible to improve living conditions for 2,070 families of highway workers.

In order to adopt decisions efficiently and render material, financial, and other assistance to highway organizations, the ministry has created 15 centralized and reserve funds.

Development of the Production Base

In addition to the funds for the development of production, under the 12th Five-Year Plan the ministry is allotting 17.3 million rubles for the development of the production base itself. As early as 1986 we put into operation the Chibastauskiy Combine for producing high-grade gravel, the Berchogorskiy Combine which produces the same thing is under construction, and the Taldy-Kurgan Plant for Reinforced Concrete Structures is being reconstructed into a housing construction combine with a productivity of 100,000 square meters of dwelling space per year, and construction has been started on the Aktyubinsk Plant for Reinforced Concrete Structures with a capacity of 20,000 cubic meters of reinforced concrete, the asphalt plant in the city of Aksay and a number of other facilities. In the plans they have begun the construction of the first section of the asphalt and concrete plant for producing cold asphalt concrete in Dzhetysay on the basis of asbestos waste and the reconstruction of the Kurdayskiy Plant for producing special adhesives.

Acceleration of Scientific and Technical Progress

The ministry has developed a comprehensive program entitled "Intensification-90" for accelerating scientific and technical progress in highway management during 1986-1990. Its most important provisions were further developed in the target programs for the basic areas: reduction of manual labor, savings on materials and resources, utilizing secondary resources and natural bituminous rock, improving the quality of construction and installation work and industrial products, and automating and comprehensively mechanizing production processes.

In 1986 alone the economic effect from the fulfillment of the program amounted to 8.6 billion rubles, a relative number of 610 people were released, the demand for gravel was reduced by 2.6 million cubic meters, bitumen—42,000 tons, cement—12,000 tons, and mineral powder—54,000 tons.

In 1986 as compared to 1981 the application of inventions in highway work increased by a factor of 5.

Economizing on Material Resources

The ministry has assimilated a number of new resource-saving technologies for preparing petroleum and mineral mixtures, producing slag alkaline binders, constructing road surfaces using non-cement binders based on bauxite sludge, granulated phosphorus slags, ashes from thermoelectric power stations, and oxidized heavy oils and tars. In 1986 1,544 kilometers or 75 percent of the roads that were introduced were built using these materials. And under the 12th Five-Year Plan we intend to use industrial wastes and solid petroleum to construct and repair a total of 13,000 kilometers of roads, which will provide for an economic effect of 29 million rubles and will reduce the need for bitumen by 474,000 tons, gravel—by 25 million cubic meters, cement—by 118,000 tons, and mineral powder—by 526,000 tons.

But the application of industrial wastes caused a problem that is not included in existing planning indicators. The cost of 1 kilometer of road constructed with industrial wastes and solid petroleum decreases by 7-12 percent as compared to the traditional construction of road surfacing based on high-grade gravel, but the labor-intensiveness increases by 14-26 percent. This means that the farms are not fulfilling their assignment for increasing labor productivity, that is, the economic system is working against economizing on resources and introducing new technical equipment. This is a union-wide problem and demands an immediate solution.

Economizing on Labor Expenditures

Until recently there was a critical shortage of labor force in highway work. The reasons for this were the low level of labor productivity, the insufficiently skillful organization of it, and ineffective incentives. The coefficient of shift work for the utilization of machines and mechanisms in highway construction was 1.3, and in operation—1.1. Forty-five percent of the workers were engaged in manual labor. With the old planning methods these shortcomings had little influence on the evaluation of the activity of the organizations. The overcoming of them was carried out more in words than in deeds. The time has now come for radical changes.

First of all a detailed analysis was needed.

In highway work for a long time they used technical equipment that had been in operation past the amortization time periods. Considerable expenditures were needed in order to maintain it in working condition. This involved machine operators who spent a large part of their time not on the highway, but in repair shops. Simple calculations showed that by organizing steady two-shift work using new machines it would be possible to release and write off up to 18 percent of the worn-out and obsolete equipment, using components and sets of equipment from it for replacements. And the volumes of work would not decrease.

A decision was made beginning on 1 January 1987 to change over to multiple shift operation of all industrial enterprises. Of the 36 plants and combines 20 are already operating on two shifts and four of them are operating on three shifts.

The ministry board approved the assignment for reducing the volumes of manual labor, envisioning that under the 12th Five-Year Plan it would be excluded for 27 kinds of work and 3,500 people would be released, which is 2.3 times more than under the 11th Five-Year Plan. In order to further reduce the volumes of manual labor and to produce mounted equipment and means of minor mechanization, the ministry is developing its own machine building.

We consider the introduction of brigade forms to be the main direction for improving the organization and payment for labor. The inclusion of workers in these forms in industry has reached 73.1 percent and in construction—76.8 percent. The method of the brigade contract is applied for the servicing of 81 percent of the main highways and 52 percent of the oblast and local roads, as well as 45 percent of the construction and installation work, or 2.3 times more than in 1981.

A schedule has been earmarked for changing highway construction trusts over to the collective contract. During 1987 17 of the 24 trusts will be changed over to it.

A stage-by-stage changeover to new wage rates and salaries has been started. By 1990 79 enterprises employing 82,900 people will be changed over. This will require an additional 37.3 million rubles in wage fund, which is being covered from the following sources:

improvement of the structure of the highway operations system—0.5 million rubles;

increase of the volume of work performed through increasing labor activity—12.8 million rubl for the development of their own production base or facilities for social, cultural, and domestic purposes and housing.

This problem must be solved at a unionwide level.

Tasks of Further Development

Under the 12th Five-Year Plan it will be necessary to eliminate the dirt stretches on the main highways and pave over them (1,500 kilometers):

to improve the construction of paved highways to the five remaining rural rayon centers and the 187 central farmsteads of kolkhozes and sovkhoses (6,000 kilometers). It will be necessary to find additional possibilities, sources of financing and material resources for joining 31 central farmsteads together with good approach roads, for whose construction there are not enough capital investments;

to carry out a complex of measures for maintaining highways by increasing the volume and improving the quality of repair work, improving the maintenance of roads, changing over to the mechanized brigade method of repair and maintenance of roads, and expanding resources of organic and mineral material binders;

to carry out a program for increasing the safety of highway travel and building up engineering facilities and attending to the architectural and artistic aspects of the highways. It will be necessary to construct rough roads over a distance of 26,000 kilometers. On the main highways alone it will be necessary to construct 740 stopping places, 400 parking areas, and 300 rest areas, and it will be necessary to provide equipment for 30 sources of drinking water;

to enlist various ministries and departments in the creation of automotive service. Taking into account their shared participation, it is intended to construct 27 priority facilities, including seven service stations, 12 repair stations, four state automotive inspection points, and trade and public catering enterprises with an overall estimated cost of 8.7 million rubles;

to carry out the earmarked volumes for construction and development of their own production base and the "Housing-91" program.

The highways of Kazakhstan are developing stably and dynamically. The socialist commitments made in honor of the 70th anniversary of Great October are being fulfilled successfully.

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11772

RAIL SYSTEMS

Passenger Problems Between Central Asia, Moscow

18290196a Moscow GUDOK in Russian 21 July 87 p 2

[Article by G. Gulyamova, chief of passenger services on the Central Asian Railroad: "Why Are We Ashamed Before the Passengers?"]

[Text] Tashkent—Summer passenger movements are now in full swing with their maximum load. Quite a bit of effort has been expended on the Central Asian Railroad in order to prepare for the season better. The main terminals and stations have been put into order, the rail car pool has begun to be used better, and the efficiency in transporting the growing stream of passengers to their destinations has been improved. However, what we have done is still very far from satisfactory because justified complaints continue to arrive literally in all departments.

People complain most frequently about train delays. The continuous disruption of train schedules has become our sickness. Take, for example, the largest of the railroad divisions — the Tashkent. Up to 80 percent of the total failures to follow schedules now falls to its share.

You see, however, the division quite recently fulfilled the established requirement for moving passenger consists by 90 percent and more. This occurred after the railroad's administration severely punished directors, who tolerated cases of allowing freight consists to pass to the detriment of passenger ones. It is a pity that passenger trains began to be delayed again when the fear caused by the memorable "scolding" faded. It turned out that the division commanders had not managed to change the psychology of their workers. You will agree that such a style of leadership is incompatible with restructuring.

The number of complaints about the lack of quality in passenger services on trains is growing here. Disgraceful cases of transporting people without tickets and of the repeated use of linen are not rare. The conductor brigades of Dushanbe-Moscow Train No 23/24 and Samarkand-Moscow Train No 241/142 sin against this especially often.

The poor condition of the passenger car pool is an acute problem for the railroad. Up until now, we have been forced to put passenger cars, which were built during the Fifties, on trains. Cars, which were built prior to 1965, form almost 40 percent of our pool. We are trying to maintain this rolling stock in working order but it is simply impossible to establish modern comfort conditions here. Less and less of our rail car pool is being updated. During the last five-year plan, for example, we received on the average 100 new cars a year. During this five-year plan, these deliveries have decreased twofold. Although four long consist trains have begun to travel on the railroad, the number of local firm trains has decreased. It is necessary for us to form them from raw material which makes us ashamed before the passengers.

I would like to address to our ministry the question of insuring the transportation of passengers along the Tashkent-Moscow route; this is a problem for us. Today, we have only one daily fast company train here. It has traveled the route since the start of the Fifties when the population of Uzbekistan's capital was 500,000 people. Today, there are more than two million inhabitants in Tashkent and we are not able to cope with the stream of passengers. For many years in a row, the railroad's directors have requested the Ministry of Railways to organize a second fast train from Tashkent — if only for the summer period, but it has stubbornly refused to meet us.

Speeding up the movement of other passenger trains, which are dispatched to Moscow, would help to simplify the problem. For example, Train No 185/186 reaches Moscow in 69 hours and 55 minutes. It essentially travels as a street car, stopping at each station and each

passing siding along the entire route of the West Kazakhstan, South Urals, Kuybyshev, and Moscow railroads. That is why people have often refused to travel at this slow speed.

At the insistence of the railroad's management, train travel time has been considerably reduced in the new schedule. Passengers have again begun to purchase tickets on it. It is now necessary to do the same thing with other passenger trains. However, we will not achieve this without real help from the Ministry of Railways.

The attitude of passengers on the railroad depends to a great extent on the quality with which consists are prepared for a trip. We have introduced a system of sanitary coupons on the railroad. If instances of violations of sanitary norms are revealed on some car or other, a coupon is taken away from the conductor. This involves moral and material penalties. A positive effect from the introduction of the sanitary coupons is present, but the coupons have not been able to solve the problem completely.

As before, we are running into cases of violations of preparatory work processes at train registration and recycling points. Repair brigades do not have the necessary materials and instruments, and there is no complaint even from the train crews which take a clear reject on the road. I think that the need to develop and incorporate a reliable system for monitoring the quality with which rail cars are prepared for a trip matured long ago on the network. It would be useful if this system had a non-departmental nature and was not subordinate either to repair or operating personnel.

The question of organizing the plant repair of passenger cars is no less acute. Today, we have 95 cars in plants when the norm is 85. It would seem that the excess is not very large, but if one looks at the repair period table, the mood immediately deteriorates. You see, we sent a considerable number of the cars to the plants during 1984-1985.

Knowing this, the ministry compiled a schedule for releasing from repairs rolling stock that had been there for a long time; however, we cannot agree with it in any manner. This schedule provides for the return of only 17 repaired cars to the railroad, and the fate of the remaining 30 remains unknown. No one knows when and how we will get them back. Why should the practice of operating passenger cars with an extended period between repairs not be permitted during the summer time? Removing rail cars from operation during the summer means multiplying difficulties for passengers. It is necessary to perform a large portion of repair work in plants during the winter.

I would like to draw the following conclusion from everything that has been said: The time arrived long ago to reinstate the view that passenger transport has priority over all other types of rail transport operations. This

should entail the material and personnel strengthening of passenger services on all avenues. Then, the flaws and shortcomings will disappear and railroad workers will not be ashamed before passengers.

8802

Coordination Problems in Uzbekistan

18290196b Moscow GUDOK in Russian 24 Jul 87 p 1

[Article by M. Iskhakov, train dispatcher: "The Rhythm Is Disruptive"]

[Text] Tashkent—I have waited a long time for the discussion that GUDOK has begun about dispatchers. We are criticized much more often on the pages of the newspaper than we are praised. A very great deal does indeed depend on us. However, does a train dispatcher work with creative freedom under concrete conditions?

First of all, I would like to express my opinion about an old problem — the daily passage of trains at junctions. During the first half of the day, the dispatcher branch looks like an army staff before an offensive — the process of "racing" trains to hand them over takes place. Everyone and everything is subordinate to this. The Ministry of Railways establishes this "rhythm" and, outwardly, it appears very logical: The more you hand over and receive, the better it is for the overall task.

However, this same handing over and receipt creates a certain lack of smoothness in traffic during periods of the day and this is at variance with the train movement schedule, about whose observance everyone talks.

With the arrival of summer and the increase in passenger traffic, empty consists from Khavast and Dzhizak travel on the initiative of the branch's leadership to Chengeldy station without a routine inspection at Uzbekistan Station. I would like the Ministry of Railways to officially permit lengthening the forward runs of loaded trains composed of cars on roller bearings and empty consists with a predominate number of roller bearings. Our percentage of such trains is considerable.

Something else that is painful. There are very many dispatchers among my colleagues who have worked from 10 to 30 years — but which ones have been awarded the Honored Railroad Worker badge? They can be counted on the fingers of one hand. The existing award practices, in my opinion, became outdated long ago. In the first place, these high awards should be conferred on workers in the leading professions: station duty attendants, dispatchers, engineers, etc. A mandatory condition — work in that profession for, let us say, no less than 12.5 years — should be a required award criteria among other data.

I would like the editors to return to the dispatcher subject periodically. In my opinion, it will always be a timely one.

8802

Economic Accountability, Self-Financing in Railway System

18290197a Moscow GUDOK in Russian 21 July 87 p 2

[Article by S. Nikulin, deputy chief of the Ministry of Railways Accounting and Finances Administration: "Cost Accounting [khozraschet]— A Strict Judge"]

[Text] The editors intend to continue the discussion of the problems that are connected with the shift of the branch to cost accounting, self-financing and self-support [samookupayemost]. We await your suggestions, dear GUDOK readers.

On 1 January 1988, the railroads, enterprises and organizations of the Ministry of Railways will be transferred to full cost accounting and self-financing. A qualitatively new management mechanism, which requires an active search for reserves, is going into effect. We are faced with increasing the branch's profitability. The main things here are more effective management, the intensification of savings conditions, and the strengthening of the struggle against losses.

Labor collectives are playing an enormous role in this task: no one knows better than they about internal reserves. That is why it is important to establish economic conditions which would impel collectives to reveal and not conceal these reserves. Essentially, we are talking — as was emphasized in the decisions of the June CPSU Central Committee Plenum — about reorientating economic growth from intermediate to final, socially significant, results and about establishing a reliably effective counter-expenditure mechanism. In order to achieve these goals, it is necessary to shift from primarily administrative to primarily economic leadership methods.

A broad complex of measures, which are linked with perfecting economic management methods; improving planning organization; further expanding the rights and increasing the independence of railroads, enterprises and organizations in economic and social development; and strengthening their interest and responsibility in achieving the highest final results with the least expenditure of manpower and resources, has been provided for in the branch.

We have in mind the establishment of an economic mechanism under which the railroads and their subunits would insure scientific, technical, production, and social development through assets earned and would be completely responsible for the results of their economic activity and the fulfillment of the plans for transporting cargo and passengers, producing industrial products and providing services, as well as their commitments to the budget and banks.

Profit is the main cost accounting activity of the railroads, enterprises and organizations of the Ministry of Railways. It is the most important general economic indicator and the main source of production and social development. A direct dependence is now being established between the resources and income, which rail transport enterprises and organizations dispose of independently, and the effectiveness of production and financial activity.

It is planned to expand the rights and independence of line enterprises. In particular, from 1 July of this year profits from shipments in amounts, which are required for forming economic incentive funds and paying interest for bank credits, are planned for them. They can receive credits from Gosbank for production stocks and for estimates. The control by banking institutions over the use of the wage fund is being decentralized. A decision on this has been made. The task now is to embody it in practice.

In light of the decisions of the June CPSU Central Committee Plenum and the USSR Supreme Soviet session, the most important elements of the new economic mechanism, which are connected with perfecting tariffs and the planning system and with the solution of a number of interbranch problems, are now being studied with Gosplan, the State Committee for Prices, the Ministry of Finance, and other ministries and departments concerned with this.

One must, however, accurately picture to himself: The success of the restructuring will primarily depend on the railroad workers themselves — on how they conduct their affairs and on their economic literacy, prudence and enterprise.

Unfortunately, experience has shown that a majority of the railroads are not at all able to get off the usual track and onto economic rails and that they have not changed their attitude toward finances. This was especially clear during the past winter. Without a doubt, difficult weather conditions and errors in planning played a negative role. However, the inability to obtain the required assets from nontraditional sources also had an effect.

As a result, only nine main lines coped with their profit plan during the first quarter. The largest shortfall was on the Odessa, October, Donetsk, Transcaucasian, North Caucasus, and Southwestern railroads. Three railroads of those planning profits (the Baltic, Lvov and Volga) completed the quarter with a loss.

One of the reasons for this situation is the fact that reserves for increasing profitability and decreasing material expenditures are far from being fully used on the railroads. The considerable losses are also having a negative impact on financial results.

Reserves for increasing profitability are great. They primarily consist of better use of the rolling stock. For example, the failure to observe shipping process procedures and the rules for repairing and maintaining the equipment has led to a loss of almost 100 million rubles of profit. What income losses arise as a result of the failure to fulfill the freight dispatch plan for products, above-norm demurrage and a large number of broken-down rail cars! And all because of procedure violations.

Evidently, it does not at all come to mind that any violation of shipping process procedures entails a chain of obvious and hidden losses. Thus, the disruption of train movement schedules and the failure to fulfill the norm for using rolling stock lead to demurrage and overtime by locomotive engineers. The unnecessary expenditure of the wage fund, the increase in production costs, and the reduction of profit and economic incentive funds flow from this.

These losses exist at each technological link. As a result, shipping costs for the system as a whole exceeded the planned ones by four percent during the first quarter and 29 million rubles of operating assets were overexpended.

In any situation that takes shape with shipments, the fulfillment of plans based on production costs and profits should be assured. This can only be achieved through purposeful and systematic economic work — as, for example on the Sverdlovsk Railroad. Here, despite the failure to fulfill the listed shipping volume, they obtained 1.5 million rubles of profit above the plan. This was achieved by saving operating assets and overfulfilling the plan for profits from subsidiary activities.

Unfortunately, such examples are isolated ones. There are more cases of the opposite type. This testifies to the fact that the railroads are not paying the necessary attention to the struggle against losses. The large fines, which the railroads are paying for the failure to fulfill the shipping plan, also testify to this. These fines have particularly increased on the Volga, Southwestern, Alma-Ata, Donetsk, and West Siberian railroads.

Put briefly, the branch is suffering considerable financial losses which should not be if matters were put in the proper order. With the shift to full cost accounting, losses will be covered from the profits that remain at the disposal of the railroads, that is, from their economic incentive funds. In this connection, the fulfillment of the profit plan becomes not simply the official duty of each economic leader but a vitally important necessity. Profit, you see, is the source of the assets for the production and social development of labor collectives and of their material incentives. Thus, savings and the individual are fast tied together.

It is necessary to turn one's face to economic methods, to think today about at whose expense profits will be increased and where additional income sources will be

found. This is one of the most urgent tasks. The way out lies in expanding services in every way possible. Every enterprise without exception must engage in providing them. However, many railroads are poorly concerned about this and, evidently, do not understand the seriousness of the situation — as before, they consider services something secondary and not deserving of attention.

During a recent session of the Ministry of Railways Collegium, it was pointed out that the required initiative and enterprise do not exist and that the level of organizational work to satisfy the population's need for services requiring payment and to increase the production of consumer goods by the branch's enterprises, is low. The work to organize individual labor activity is being performed poorly.

The collegium outlined concrete steps to increase the production of consumer goods and to expand various services requiring payment. It is necessary to approach these measures seriously. A cavalry swoop will not achieve an improvement in affairs; careful preparation is required. Here, it is not at all necessary to wait until all problems in the planning and financial agencies and in the Ministry of Railways are solved.

There are still quite a few problems. One of the most serious is the fact that — in rail transport — it is necessary to consider subunits an association, enterprise and structural subunit. This is very clear with regard to line enterprises — stations, locomotive and rail car depots, permanent way divisions, etc. Opinions on this score are still different.

No other branch has so many small subunits enjoying the rights of enterprises as does the railroad. That is why the danger of fragmenting assets and of freezing funds exists. Along with this, it is quite evident that the advantages of full cost accounting can be reduced to nothing if the line enterprises are not drawn into its orbit, if the rights of the labor collectives in production and social development are limited, and if the stimulation of their activity is made dependent exclusively on the results of the work of the higher organization.

You see, the major portion of railroad workers labor in line enterprises and the fixed production capital and material and technical resources are concentrated there.

A single principle is required for constructing an economic mechanism which would take into consideration the contribution of each enterprise and structural subunit. Otherwise, a discrepancy arises between the contribution of the collective and the economic results. The main thing is to see to it that collectives are interested in revealing internal reserves and putting them into operation. This is not occurring with the present evaluation of their activity.

How should the relationships between the division and the railroad and between the division and the line enterprises be constructed? What status and rights should be allotted to them? What kind of distinctive features should there be in the application of the USSR Law on a State Enterprise to rail transport? Debates are taking place around these and many other questions. It is necessary to admit honestly that a simple answer to them still does not exist. Science, unfortunately, has not been able to help. The scientists in the MIIT [Moscow Institute of Rail Transport Engineers], VNIIZhT [All-Union Scientific Research Institute of Rail Transport], and BellIZhT [Belorussian Institute for Rail Transport Engineers] are sticking to different points of view and have in no way been able to come to a common opinion on the most important problems in cost accounting and self-financing.

It seems advisable to conduct a broad discussion of these problems on GUDOK's pages in order to define and develop a common economic strategy within a very short time frame. The broader the discussion is and the more actively the workers on the spot participate in it, the greater will be the guarantees that we will manage to establish an effective and viable management mechanism.

8802

Fuel Transport Results

18290199a Moscow GUDOK in Russian 9 July 87 p 1

[Unattributed article: "Fuel Dispatching 'Whistle' (Gudok)"]

[Text] The majority of railroads managed to fulfill the plan for transporting coal in June. On the whole, an additional 3.3 million tons were shipped on the network.

However, the increased quota, which was established to make up for the shipment shortfall during the first quarter, was not realized. The Donetsk, Kemerovo, Tselina, and Krasnoyarsk railroads had the largest shortfall. One of the main reasons is the worsening of the use of the gondola car pool.

As before, its turnover was slow on the Tselina railroad. Every day, 339 gondola cars with local products were not unloaded. It was even more on the Donets — 470 gondola cars.

The empties disposition roads seriously hindered the operation of the fuel conveyor line. Because of this, that same Donets did not receive 13,000 empty gondola cars; the Kemerovo — 7,300; and the Krasnoyarsk — 5,900.

The Transcaucasian, Southeastern, Volga, Sverdlovsk, South Urals, and West Siberian railroads allowed the largest disruptions in the handing over of empties at the empties disposition points.

Concerning July, the majority of roads did not begin the loading of coal badly during its first days. The Donetsk, North Caucasus, Dnepr, East Siberian, Northern, Moscow, and Tselina railroads dispatched fuel above the plan. However, the commanders of a number of railroads are violating empties disposition discipline as before. For this reason, the Kemerovo Railroad did not receive 2,736 empty gondola cars for six days; the Krasnoyarsk — 1,110; and the Baykal-Amur — 732.

The Moldavian, Southern, North Caucasus, West Siberian and the Transbaykal railroads are not fulfilling their empties disposition task. On the October Railroad, for example, they are removing 270 empty units a day from loaded trips instead of 50 gondola cars.

Thanks to steps that were taken recently, the situation with respect to the dispatching of coal is improving. There is reason to hope that railroad workers will join the plan for dispatching solid fuel in the very near future. Everything will depend on how gondola cars — the scarcest rolling stock — are dealt with on the spot.

8802

Railway Organizational Problems in Southwestern System

182901996 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 9 July 87 p 1

[Article by V. Rabotnikov, Southwestern Railroad section chief: "They Are Loading ... Measures"]

[Text] Kiev—At the Kamenets-Podolsk Cement Plant, its transportation department was the "narrowest" bottleneck for a long time. Since 1977, however, when the enterprise began to fulfill its cement production plan successfully, the turnover of rail cars was also put in order. The cement workers confined themselves completely to the norm period — 5.8 hours.

However, they did not hold on to the success achieved. Two years later, the cement plant began to keep each car two-five hours too long for loading and unloading.

Because of their poor technical condition, many hoisting machines and mechanisms often stand idle. Naturally, this has an effect on their productivity. During the last five-year plan, 27,000 rail cars stood idle above the norm in the plant. The situation was becoming even worse with time. Now, it appears to you that "kulaks" are displacing the auxiliary winches for pulling up the cars; now, the switches are being dismantled. Next, the electrical signaling system for the switching points was not working. Immediately after this, a half kilometer of track was taken up for some reason. Of course, the loading frontage was reduced immediately by 7 cars because of this. Finally, they replaced the automatic loading control and weighing using electronic rail car scales with a manual one.

It is interesting to point out that both the plant and the Ukrainian Ministry of the Construction Materials Industry scrupulously develop each year organizational and technical measures to expand transport and storage facilities. In fact, these are either not carried out or are carried out incompletely and with a great delay. For example, Minister A. Shevchenko reported in 1984 that a rail car dumper and an electrical switching interlocking system were planned for the Kamenets-Podolsk Cement Plant. However, no one has begun this work. The Ukrainian Council of Ministers required the republic's Ministry of the Construction Materials Industry in a decree in 1981 to expand and reequip the loading and unloading frontages at cement industry enterprises. However, even this decree has remained unfulfilled.

Instead of developing technical equipment for the transportation and storage facilities of the Southwestern Railroad, the directors of the plant and the ministry are achieving an increase in rail car demurrage norms on sidings. This approach deserves condemnation.

8802

Problem Solving at Novokuznetsk Rail Rolling Shop

182901996 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 16 Jul 87 p 2

[Article by L. Kalinin, mill operator in a rail rolling shop, full bearer of the Order of Labor Order and party bureau secretary; L. Gilev, mill foreman and bearer of the Order of Lenin and the Order of the October Revolution; A. Savchuk, senior mill operator and bearer of the Order of the October Revolution and the Badge of Honor; and A. Trynkin, chief of the technical section of the Kuznetskiy Metallurgical Combine imeni V. I. Lenin: "Rely on Yourself!"]

[Text] Novokuznetsk—When sending the next batch of tempered rails to BAM [Baykal-Amur Mainline] or to another rayon of the country, we experience legitimate pride: They will last much longer than standard ones and incomparably more freight will be transported over them. We are convinced that our colleagues from the Nizhnetagilskiy and Zhdanovskiy Azovstal Metallurgical combines also experience similar feelings.

The national economy has an extreme need for rails that have undergone thermal treatment. They are 1.5-fold more stable than standard ones and permit the speed and weight of railroad consists to be increased. That is why we are working at expanding their production.

However, it is not enough to achieve the required amounts; high quality is also needed. Not any rails but only those of the best quality can be tempered. We know that they have brought the manufacturing of first quality rails to 71 percent at Azovstal. Our indicator for this is more modest — 69 percent. In order to raise it, we have begun to increase the capacity of the slow cooling boxes

where the rails "ripen." We have raised them twofold — to 6,000 tons. True, we have still not "reached" Azovstal: There, such boxes hold 8,000 tons.

There is something to be learned from the southerners. However, we also know about their constant complaints to our ministry. There, they say, money is not being allocated for updating the rolling mill and for more fully supplying the thermal department with rails for tempering. Have our colleagues tested all of their reserves in order not to go with an outstretched hand.

We have managed without ministry grants, relying only on ourselves. To do this, we strictly observe technological and production discipline and update the equipment. Concerning quality, we have put the main stress here on incorporating universal stands which at first no one had ventured to use for rolling rails. And not for nothing. It is very profitable: More than 80 percent of the output can be produced with the best quality. Take this frontier — and the thermal department will begin to operate much better.

Last year, incidentally, we managed to exceed its design capacity having produced 770,000 tons of thermal tempered rails — 20,000 tons more than planned. How did we solve the question of assets? They did not exist, especially for rebuilding the rolling mill. However, there was money to perform capital repairs, which we also put to work to update the equipment. We also included a considerable portion of the assets from the common fund for the development of science and technology here.

However, money by itself cannot work, people are needed. We turned to the designers of Sibgipromex [Siberian State Institute for Designing Metallurgical Plants] and to the manufacturers of metallurgical equipment in Uralmash [Ural Heavy Machine Building Plant] and we harnessed ourselves to research work. In a short time, we received contractor designs, placed orders for equipment, and began to prepare the shop for reconstruction. It is not a simple matter to equip a mill with a universal stand. Electrical equipment, a control panel, an engine room, and much more are required for it. In expectation of the delivery of all this, we built a base for the stand and accommodations for the engine room — with our own hands, at our own expense and without complaining about the absence of resources. V. Lozozoy, the secretary of the Azovstal party committee, wrongfully stated in his speech on Central Television that the initiative of their workers and specialists in the rail rolling shop is basically being restrained by a shortage of money.

We also did not have any, but we did not sit with our arms folded. The collectives of all shops worked strenuously in the combine. This permitted us to achieve, it seems, the impossible in a little more than five years:

making the Kuznetsky Metallurgical Combine a profitable enterprise from an unprofitable and unremunerative one — 160 million rubles of profit a year. The figure speaks for itself. We are now able to allocate more resources than before for reconstruction.

We are doing a great deal with our own forces, but our capabilities are not unlimited. We have introduced ultrasound monitoring of the quality of the rails in the thermal department and we are now launching the same equipment on the raw stream of rails — in order to improve their operating reliability significantly. We are counting on the fact that the Ferrous Metal Scientific Research Institute in Dnepropetrovsk and the Spektr Association in Moscow will speed up the manufacturing of equipment for the eddy current monitoring of the quality of the rail surfaces.

There are many problems of course. Only we do not plan to panic. Money — everyone needs it, but the main thing is people. The collective, which has lived through difficult times, has also not been badly tempered. That which has recently been done in the shop, gives hope.

There are enough troubles. The tasks, which face the USSR Ministry of Ferrous Metallurgy in light of the decisions of the June 1987 CPSU Central Committee Plenum, are our common tasks. It is now necessary to rely more on oneself.

8802

Improvements Lag in Kiev Metrorail System
*18290/200a Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 21 Jun 87 p 1*

[Article by V. Shulga, chief of the experimental and design bureau for linear electric motors, Ukrainian SSR state prize laureate and candidate of technical sciences. "Where Is the Blue Car Travelling To?"]

[Text] The blue cars of the subway have caught the fancy of millions of passengers. As we were convinced long ago, the subway is the most dependable and safest type of transport. Its carrying capacity is unmatched by the others. True, it is somewhat noisy and — yes — crowded during peak hours, but we overlook these inconveniences because of the speed and regularity of movement.

The subway, however, has even more substantial shortcomings. In the first place, there are the high cost of its construction and the large operating expenses.

The appearance of a subway and its main components have remained practically unchanged for more than a half century. However, quite a few ways to improve this type of transport have been found both here and abroad. One of the most long-term ones is the use of linear

electric motors on subway cars instead of rotating electric motors. These motors were designed 15 years ago in our country and were tested by our experimental and design bureau in Kiev on a series "Ye" subway car.

The operating principle of a linear motor is now known to many and there is no need to prove its advantages in a newspaper article. It is simply sufficient to point out that it starts a car moving without transmitting the torque to the wheels.

The tests were successful but no one was interested in the work of the Kiev designer enthusiasts. Years passed, and our blue cars traveled as before on underground roads using the old electric motor drive. However, we know from articles in the press that a mini-subway with a linear electric motor is being tested in Japan and that a similar design has already been realized in Canada. The use of a linear motor has permitted the wheel diameter and the dimensions of the car itself to be reduced and this, in turn, has provided an opportunity to decrease the tunnel's diameter considerably and to make the platform lower. In this respect, it should be pointed out that the useful interior space of the car itself remains practically the same.

The subway can be built and operated considerably more cheaply — foreign specialists have drawn this conclusion. Moreover, the absence of rotating engine rotors and transmission reduction gears considerably lessens the noise and simplifies the operation of the entire system.

You see, however, we repeated this over and over again 10 years ago! At the time, we calculated that the volume of earth-moving work during tunnel driving would decrease almost twofold when the tunnel diameter was reduced from 5.1 to 3.6 meters — you see, it is this work that now determines the major portion of the cost of each underground kilometer. A tunnel, which is smaller in diameter, requires approximately a third less tubing for the lining. Moreover, the use of a linear engine permits the maximum allowable slope of the track grade to be increased by more than threefold. This means that it is possible to reduce the depth of the station bedding and to abandon the use of escalators at a number of them.

We have not closed our eyes to the existing shortcomings in a linear motor. At the present time, its efficiency is lower than rotating engines, but it is possible to compensate for this shortcoming with an integrated system approach, for example, by using optimum acceleration and braking conditions. Increasing the average travel speed will permit energy expenditures to be reduced. Improving the aerodynamic characteristics of the rolling stock will contribute to this.

In a word, all of the advantages are present. Nevertheless, work along this avenue is not being performed in our country. The reason is a simple one: There is no interested customer, no specialized design organization,

and no manufacturing enterprise engaged in the building of new types of urban transport. There is also no state agency to conduct or even coordinate a search for optimum ways to develop advanced transport systems such as, monorail, trestle, combined drive, etc.

I would like to propose a somewhat unusual way to solve the question. Why do not the *ispolkoms* of the councils of peoples deputies in those cities, where the construction of a subway is planned, emerge as the customer, having joined together? It is simpler for them than for anybody else to bring town planners, transport workers, and ecologists under one "roof". They would be able not only to finance the work but also to provide practical help in coordinating the enterprises of these cities during the development and manufacturing of the components for the new transport systems. No matter what path is selected — monorail, trestle or something else — all of the proposed designs should correspond to the most modern requirements.

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Metrorail Construction in Rostov Set for 1991

18290200b Moscow GUDOK in Russian 5 Aug 87 p 1

[Article by V. Kurkov: "A Subway in Rostov-na-Donu"]

[Text] A decision has been made to begin the designing of the first phase of an underground main line in Rostov-na-Donu during 1988. The construction of the subway will begin during the next five-year plan in 1991.

The right-of-way of the first line is already known. Its length will be 10.6 kilometers: from Druzhinnikov Square, the new project in the western part of the city, to Rostselmash [Rostov Agricultural Plant] in the eastern industrial section. The line, which is small in length, will connect five Rostov administrative rayons. Nine subway stations will connect three railroad and two bus terminals, theaters, three stadiums, the hippodrome, markets, and the entire central part of the city with two opposite wings — today's new construction projects and the housing areas of the first five-year plans. The housing of half the city's population — a million strong — is within a 15-minute walk of the subway stations.

The specialists of the North Caucasus Administration and the Rostov Institute for Rail Transport Engineers have calculated urban transport movement diagrams more than once at the request of the *gorispolkom*. Traditional street cars, buses, and trolley buses have been more and more successfully supplemented by electric trains — you see, there are more than 10 stations and stops in the Rostov railroad hub. Two of the latest calculations envisage a subway.

8802

Ministry Collegium Discusses Economic Restructuring

18290292a Moscow GUDOK in Russian 4 Aug 87
pp 1-2

[Unattributed article under the rubric "At the MPS [Ministry of Railways] Collegium": "Restructuring the Mechanism of Economic Operation in Transportation"]

[Text] A session of the MPS Collegium was held the other day with the participation of party and trade-union activists from the ministry. Among the issues considered were steps to fulfill in rail transport the resolutions of the June (1987) Plenum of the CPSU Central Committee on the radical restructuring of economic management.

Minister of Railways N.S. Konarev presented a report.

The discussion of the report included V.F. Pryadko, chief of the Accounting and Finance Administration, V.A. Shevandin, chief of the Main Economic Planning Administration, N.P. Grom, chief of the Capital Construction Main Administration, Chief of the Traffic Administration and Deputy Minister V.N. Butko, VNIIZhT [All-Union Scientific Research Institute of Rail Transport] Economics Department head S.N. Zhuravlev, I.A. Shinkovich, chairman of the rail-transport and transport-construction employees' trade union and D.A. Glebov, chief of the Main Administration for Container Shipping and Commercial Operations.

Speaking at the session was V.I. Davydov, first deputy chief of the Transport and Communications Department of the CPSU Central Committee.

Also participating in the work of the collegium was P.D. Monyakin, a sector chief in the Transport and Communications Department of the CPSU Central Committee, N.A. Shevanin, deputy chief of the Transport and Communications Department of the Affairs Administration of the USSR Council of Ministers and key employees of USSR Gosplan, the USSR Committee of People's Control and the USSR Procuracy.

The collegium recommended that GUDOK publish a description of the basic provisions of the report and the opinions expressed in the course of its discussion, in order that the nature of the projected radical transformations in the transition to the new mechanism of economic operation under the specific conditions of the sector can be presented more clearly and so that they can make their own suggestions, which will be taken into account in the final composition of standards and methodological documentation.

The consideration of a whole set of issues in the radical restructuring of management and economic operation in rail transport is projected for September in an expanded session of the collegium with the participation of executives from the railroads, subway systems, territorial

administrations of Promzheldortrans [Industrial Rail Transport] and a number of railroad divisions and enterprises and scientific research organizations.

The June Plenum of the Party Central Committee considered and adopted a program for radical reforms in economic management. It incorporates experience in improving production management that has been accumulated over two years of restructuring. It reflects the lessons of decades of building socialism and points out specific paths for surmounting the difficulties extant in the economy.

An integral system of management has been developed that envisages a transition to a new economic mechanism for the activity of enterprises (associations), an increase in the efficiency of centralized management of the national economy based on economic methods, a restructuring of organizational structures and a strengthening of the social thrust of management.

The incarnation of the resolutions of the June Plenum of the CPSU Central Committee will have enormous significance for the fate of our country and for world socialism. These resolutions, the minister emphasized, should guide the actions of every transport commander and every railroad employee.

The principal task facing the rail employees from the 27th Party Congress—the timely, high-quality and complete satisfaction of the needs of the national economy and the population—requires a determined restructuring of all transport operations. Any delays, even brief ones, in the fulfillment of orders for product shipment are intolerable. This undermines the contract basis for running the economy.

This means that everywhere, from the smallest station to the railroad administrations and the ministry, there must be responsibility for the timely and unconditional fulfillment of the shipping plan. The requisite level of operations can be achieved only on the basis of an acceleration of scientific and technical progress and the highly efficient utilization of productive potential.

Under conditions of self-financing, the role of profits as a decisive factor in the economic and social development of enterprises increases immeasurably. It is therefore extremely important that the paramount task of enterprises and services become a reduction of expenses and an utmost increase in income in all types of activity.

In the transition to full economic accountability (khozraschet), the principal social tasks will be resolved by the collectives themselves through social-development and material-incentives funds. It is important that every collective and every worker be deeply aware of this.

The obligations of sector employees envisage a considerable overfulfillment of the five-year plan for freight and passenger shipment, an increase in labor productivity of 28 percent (twice as much as the five-year target) and no less than a billion rubles of profits beyond the plan. The utmost development of the initiative of enterprise collectives based on raising their operational economic independence will create favorable conditions for the reaching the projected levels.

In the year and a half that has passed since the beginning of the five-year plan, the railroads have shipped 41.3 million tons of freight beyond the plan. The plan for passenger traffic has been overfulfilled by 20.6 billion passenger-kilometers, or 4.2 percent. Economic indicators have improved considerably. Labor productivity grew by 14.3 percent in the face of a five-year target of 12 percent. Shipping cost has declined by 2 percent. Some 440 million rubles of profit have been obtained beyond the planned level.

A considerable increase in labor productivity has been achieved first and foremost thanks to the widespread dissemination of the Belorussian method. The fact that almost 2.8 million people received substantial supplemental wage payments is an enormous social achievement. The average monthly wage of the workers in the basic activities reached 233 rubles, and almost 250 rubles for those engaged in shipping. The funds needed for this purpose were generated by the labor collectives themselves as a result of increases in shipping volumes and a decrease in the number of workers of over 280,000 people. The majority of them went to work in other sectors of the national economy. Both the state and the workers gain from this.

At the same time, it is impossible to evaluate what has been done in the last year and a half in simple terms. The basic surplus was created in 1986, when the stipulated targets for both volumetric and qualitative indicators were substantially exceeded. The past winter, however, severely complicated the operational situation, worsened the utilization of the rolling stock and other equipment and reduced the amount of freight presented for shipment.

All of this led to a serious lag in the fulfillment of the shipping plan. In the first quarter there was an under-shipment of 45.5 million tons. And although, beginning with the last ten days of March, the situation was stabilized, and the shipment plan was somewhat overfulfilled in the 2nd quarter, the shortfall from the 1st half of the year comprises 38.8 million tons. The targets for both gross weight and for product range and important qualitative indicators were not completely realized. Railcar turnaround slowed by 9 hours. Line speed declined. The trains were 45 tons short of the planned average weight. Static loading remained practically at last year's level.

The paramount task today is to apply maximum effort and unconditionally fulfill the 1987 plan. This is required by the resolutions of the June Plenum of the CPSU Central Committee and the 7th Session of the USSR Supreme Soviet. This is a most important precondition for a confident transition to full economic accountability and self-financing in 1988.

The lag that was permitted in freight shipping must be made up principally in the 3rd quarter, observing the prescribed product range therein. The fulfillment of the coal-shipment plan, increased by 23 million tons, is of paramount significance. In the second half of this year, it is necessary to ship 388.5 million tons of it. No less than 132 million tons of ore must also be delivered along with 104 million tons of ferrous metals and 88 million tons of forest products. The shipment of products for Gosagroprom [State Agro-Industrial Complex] must be treated most attentively, especially grain, and the delivery of vegetables and fruits to Moscow and other major cities must be accelerated.

In order to assimilate such shipment volumes in the 3rd quarter, the turnover of railcars at railroad junctions should be 400,000 cars a day in the 3rd quarter and no less than 396,000 in the 4th. Rolling stock turnover, especially gondola cars, should be sharply accelerated.

The assimilation of growing passenger traffic requires decisive and effective measures. Already in July, passenger traffic had considerably surpassed last year's. Practically all railcars and all "routings" envisaged by the traffic schedule are being used. And we must prepare for a further increase in traffic volumes. We must act very efficiently and form up additional and extra-long trains and seek out and utilize other reserves in the shortest possible time.

Attention to utilizing opportunities for increasing income should be increased in the face of the transition to full economic accountability along with the utmost improvement of passenger services.

Income from passenger service today comprises some 18-20 percent of the total. It could be increased a minimum of 7-10 percent. Beginning in January 1988, the amount of service sales to passengers will be included in the composition of the state order. This places great responsibility on the passenger main administration and services of the railroads.

Major shortcomings in passenger service have been noted in a special resolution of the Presidium of the USSR Supreme Soviet. A special order was promulgated on the basis of it. Now it is necessary to strive as energetically as possible for the fulfillment of all that is projected.

Under the most difficult of operational conditions, their economic efficiency must not be forgotten. Based on practical results in incorporating the Belorussian method, growth in labor productivity of 8.6 percent must be achieved in the second half of the year.

A certain surplus was made in the first half of the year toward the fulfillment of the profits plan. But reserves must be activated to the maximum and an enterprising spirit must be displayed to bring extra profits beyond the plan to 300 million rubles.

Major and effective measures to raise the reliability of technical equipment are essential in order to assimilate growing shipment volumes and the steady operation of transport under conditions of full economic accountability.

Already in the 12th Five-Year Plan, the locomotive fleet has been supplemented with many hundreds of new electric and diesel locomotives. Some 95 million rubles have been invested in reinforcing the locomotive repair and technical maintenance bases. A whole set of organizational and technological measures that were largely included in Order 28Ts of 20 Jun 86 has been developed. All of this should have had a significant return and led to an increase in the reliability of locomotive operations. This did not happen, however.

The percentage of locomotives in depot repair has grown this year, and the number of times coming in for unplanned repairs and wear and tear on electric and diesel locomotives increased. Breakage in line and shunting work has become more frequent. Delays of freight trains due to the fault of locomotive-services employees increased by 18 percent, and by 1.7 times for the passenger services. The number of violations of working and break regimens for locomotive crews increased 29 percent. All of this causes considerable losses.

And how can we measure the moral losses caused to the locomotive crews and their families in connection with the multitude of violations of the working and break regimen? Can we speak of any shifts herein, of any serious restructuring of the locomotive services? And how do the leaders of the locomotive services main administrations, comrades Kelpers, Kondratenko, Minin, Nesterov and Kalko, evaluate this? They refer to winter difficulties and even declare that overall, notwithstanding the existing shortcomings, the locomotive fleet has met the needs of the operational services and there is even somewhat of a reserve.

Apparently, such self-assurance, placidity and undemandingness have also led to the fact that today, out of 20 2TE121-series diesel locomotives that have been delivered by industry, 11 are out of service due to design shortcomings. And over 16 million rubles were spent for these locomotives. The leaders of the main administration have become reconciled to the fact that the machine builders raise prices for locomotives. Some 16 million

rubles will be overpaid this year for the 2TE116 diesel locomotive. It seems that they do not count money at all at the main administration. Such behavior by the services today is simply not tolerable.

A serious lag in the incorporation of progressive technical solutions has been tolerated in the railcar services. The collegium obligated the leaders of the main administration and the railroads to provide for the incorporation of progressive technological processes for the PTO [maintenance stations] of the sorting yards, but less than a third of them fulfilled the assignment. The technical base for the manufacture of non-standard equipment for repair and maintenance of railcars and containers is being created too slowly.

Shortsighted technical policies of the railcar main administration (comrades Barbarich, Pogorelyy and Glukhov) and the railroads are leading to the fact that notwithstanding the increase in the share of cars on roller bearings, delays in the movements of cars due to defects in the rolling stock are being reduced much too slowly. More than 124,000 cars were decoupled from freight trains in the first half of the year. The number of instances of breakage increased by 14 percent. All of this had a negative effect on profits.

A difficult situation has been created in the track services. Total expenses for track repairs are reaching 1.5 billion rubles a year. The state of the rails, however, is not improving. The number of warnings on limitations in traffic speeds is increasing by a large amount on the Southeast, October, Volga and Dnepr railroads. About 16 percent of all delays of freight trains and 42 percent of passenger train delays occur due to shortcomings in track facilities. Particularly many failures were permitted in wintertime.

The executives of the Main Track Administration, comrades Mitin, Butakov, Kemezh and Kondratenko, do not devote the necessary attention to improving the technology of capital repair and on-going track upkeep. The output per hour of "blocking pause" in capital repair has practically not grown over many years and is 326 running meters on average for the network. But progressive solutions do exist. On the Kuybyshev Railroad, thanks to the incorporation of progressive technology and the organization of harmonious operations, Collective OPMS-61 achieved a record productivity of 1,000 running meters per hour. It smoothly laid 3,500-4,000 meters of track in a six-hour "window." The experience of the leading producers, however, is poorly disseminated.

The technology of highly mechanized on-going track upkeep has yet to be developed. Highly productive machinery of the VPR type is used in extremely unsatisfactory fashion. The dispatcher apparatus of the main traffic administration and the dispatchers on the railroads are guilty of this to a considerable extent.

Failures of signals apparatus, as before, cause considerable interference to train traffic. They increased on the Northern, Donets, Volga, West Kazakhstan, Alma-Ata and a number of other railroads. Track circuits and isolated joints cause the most difficulties. An order was promulgated two years ago that delimited the functions of the services, but just let it rain and the signals are red on an open track. The executives of the main administration prepared an order and relaxed, and they did not concern themselves with organizational work for its fulfillment. Comrades Lekute, Skaballanovich and Blazhenov must occupy themselves with this, analyze the extant situation deeply and take the appropriate steps.

The failures of electrification devices are causing more and more concern. The delay time of trains due to them is trending toward growth. Matters have reached a point where they had to return to partial diesel traction on an electrified section started up during the winter on the Transbaikal Railroad due to massive faults in the stability of the catenary-system supports. The executives of the main administration, comrades Shilkin, Munkin and Dovgiallo, who permitted the acceptance of the new structures with major defects, should answer fully for this.

The success of shipping, especially priority mass freights, depends largely on the precise transfer of railcar inventories across the regions of the country. Efficient economic controls and incentives should be directed toward this. The organization of the transfer of empty cars today requires more precise operations. It is essential to have, as a result of skillful regulation, the required quantity of cars at the needed place on time.

The empty run times of railcars increases with the development of railcar specialization. But this is, after all, wasteful. Empty runs must be reduced. Every percentage point here is equivalent to obtaining an additional two thousand cars a day for shipping. Return shipments should be encouraged to the utmost, and an efficient system of material incentives should be considered for this.

The executives of the main traffic and computer administration, comrades Sidenko, Blazhiyevskiy and Khandkarov, along with scientific workers, are obliged to work on this as they should. These tasks must be resolved in the shortest possible time.

Much attention should be devoted to raising the role of the dispatcher apparatus in improving the organization of train and freight operations, as well as improving the technological processes of stations. Considerable funds are lost, after all, due to the non-fulfillment of the train traffic schedules and railcar turnaround delays through the fault of employees of the traffic services.

The Main Traffic Administration has not undertaken effective measures to restructure the operation of the dispatcher apparatus and station managers. This is a

serious miscalculation. Many dispatchers from among the operational superiors, district controllers and shipping operations organizers have been turned into observers and extras. Some of them due to their own unskilled actions and others by their disorderly behavior arouse the just indignation of the track-facilities workers and train crews. A radical restructuring of the operations of the whole dispatcher apparatus must be engaged in in a most serious manner.

Restructuring at the rolling-stock repair and spare-parts production plants is proceeding too slowly and timidly. Technical retooling, reconstruction and the expansion of the plants are being conducted at an insufficient rate. Capacity for the output of signals is late being started up at the Novosibirsk and Dnepropetrovsk plants, and the start-up of capacity for the repair of 1,250 railcars at the Stry Plant has been disrupted. The executives of the main administrations of MPS are also to blame for the fact that signals have come to be in acute shortage and that the reconstruction of plants has been extremely dragged out.

The shift coefficient is too low at the plants. At the Astrakhan, Vologda and Baku plants, it does not exceed 1.2. Highly productive machine tools with numerical control are used on one shift. Many plants do not operate smoothly. The reproaches for the poor quality of repairs are just, especially those for electric locomotives at Chelyabinsk, passenger cars at Tbilisi and Ordzhonikidze and freight cars at Rostavl. The executives of the Rolling-Stock Repair and Spare-Parts Production Main Administration, comrades Krasnos, Guskov and Mikevov, and the managers of the plants must conduct matters more energetically and eliminate shortcomings more rapidly.

It was noted at the June Plenum of the CPSU Central Committee that one of the most serious shortcomings today is the lag in scientific and technical development. This is also typical of railroad transport. Individual achievements cannot conceal the fact that the organization of scientific and technical operations, along with experimental design ones, and chiefly the ultimate results, still do not meet the new requirements.

The targets of the most important scientific and technical program—raising train weights—are not being met. Poorly thought out and formalistic approaches are sometimes tolerated in practical work here. The program managers, comrades Budko, Sidenko and Lisitsyn, have weakened the work. The situation must be corrected immediately. After all, the assimilation of growing shipments is possible principally through increasing the weight of trains. This is furthermore one of the chief directions for raising the efficiency of the shipping process.

Programs for the creation of automated real-time shipping control systems are being realized too slowly. The quality of their functioning is unsatisfactory on many

railroads, and the essential return on the invested funds is lacking. The executives of the main administrations—computers (comrades Khandkarov and Potapchenko) and traffic (comrade Chernyugov)—have not taken the requisite steps for the realization of the most important targets in ASU [management automated system] development.

Many main administrations do not have unified technical policies in the development, manufacture and incorporation of standard production-process mechanization and automation equipment that would make it possible to boost labor productivity. As a result, enterprises engaged in one and the same types of equipment repair must invent their own tooling through the efforts of skilled and innovative production workers. This diverts highly skilled specialists and workers from their principal activities. Furthermore the tooling made under experimental conditions costs several times more than that manufactured in series production.

The staff members of VNIIZhT frequently take an incorrect position in relation to the authors of inventions. That which was created outside the walls of the institute is just criticized and its incorporation is impeded, rather than rendering the utmost assistance in bringing it along and starting series production. The inventors sometimes lose heart in the face of this attitude.

The managers of main administrations and railroads are called upon to create all conditions for the development of technical creativity and the fruitful work of innovators and inventors. The process-design bureaus that have been organized on 20 railroads, however, are today just 22 percent staffed, while railroad profit-and-loss experimental shops have not been created at all anywhere.

The Main Technical Administration (comrades Kharlanovich and Belokosov) should set the tone in deeds rather than words for the most rapid possible incorporation of new equipment, intensive technologies and progressive experience and become a truly major organizer of the work in accelerating scientific and technical progress in the sector.

After the April (1985) Plenum of the CPSU Central Committee, some shifts in the resolution of social issues in rail transport were detected. The plan for new housing over 1985-86 was overfulfilled by 1.2 percent. Some of the funds of the production facilities were transferred to housing, and the amounts of cooperative and individual construction were increased considerably. But the acuteness of the problem is not abating, and is even increasing.

A number of ministry administration and railroad executives underestimate the importance of solving the housing problem. How else to explain the fact that 15,000 square meters in Sverdlovsk, 13,000 in the South Urals, 7,000 in Gorkiy and 5,000 in the Volga region were not put into operation in the first half of the year?

It is intolerable that the start-up of cooperative-construction housing is not planned at all for 1987 on a considerable number of railroads. The situation in the development of using internal organizational resources for housing construction is unsatisfactory, especially on the Moldavian, Odessa and Azerbaijan railroads.

The intrinsic construction industry and large-modular-unit and large-panel housing construction must be developed at rapid rates. Every enterprise is obligated to participate in residential construction. The lag in solving social and purely human problems must be decisively surmounted. Passivity and dependence can be clearly discerned here. There is still no restructuring in this important matter.

Restructuring in the main administrations and railroads in capital construction is still in the initial stages. The plan for construction and installation work has only been 96.3 percent fulfilled this year. A lag of 51 million rubles has been permitted. The targets for the start-up of electrified lines, station track, centralized electrical switches and many social facilities have not been realized. Work is being conducted too slowly on the South-east, Kuybyshev, Volga, Transbaikal, Sverdlovsk, Lvov, Odessa, Moldavia, Dnepr and West Siberian railroads. The situation must be decisively corrected in the second half of the year.

Serious difficulties are arising as a consequence of miscalculations in construction planning, the unbalanced nature of plans for material and technical resources and shortcomings in the development of planning-estimate documentation. Some 25-30 percent of facilities are in violation of the stipulated requirements on many railroads, including title lists, and planning-estimate documentation has not been provided in a timely manner. Facilities being planned this year are altered two, three and more times. The grossest instances of mismanagement in the use of construction materials are revealed.

Every year some 50,000-60,000 tons of cement costing about two million rubles are expended unproductively. Such mismanagement is intolerable, and under economic accountability it will strike hard at the pockets of the construction-worker collectives.

In practical work on restructuring sector management in accordance with the resolutions of the June (1987) Plenum of the CPSU Central Committee, it is necessary to proceed from the necessity of bringing the following most important requirements to life.

1. Sharply expand the limits of independence of the railroads, divisions and enterprises. Raise their responsibility for the best ultimate indicators. Establish a direct dependence of income on efficient operations.

2. Provide for the concentration of centralized leadership on the main and strategic issues, and free them from petty cares and interference in the operational activity of the lower levels.

3. Restructure the systems of planning, price formation, the finance and credit mechanism, material and technical supply, the management of scientific and technical progress, foreign economic ties and social processes.

4. Create new organizational structures at all management levels and ensure the direct inclusion of science in production.

5. Convert from an excessively centralized and command-based system of management to a democratic one, develop self-management and create a mechanism to activate the potential of the individual. Radically alter the style and methods of activity of the management apparatus and the operational economic subdivisions.

In the course of restructuring it is essential to be guided by the State Enterprise (Association) Law.

The June Plenum of the CPSU Central Committee has defined the most important strategic goal as entering the 13th Five-Year Plan with a smoothly arranged mechanism of economic operation and ensuring the transition to an integral system of economic management.

Today is the most heated and crucial period of preparatory work in determining the auxiliary indicators, standards and limits for the 1987 plan. The shipping volumes should be tied to the needs of the national economy and the population for it with targets of economic and financial indicators. The amounts of production and capital construction should be backed up with material and technical resources. The need to develop a material and technical base using the principal funds should be tied to the sources of financing. All of this should be balanced.

The system of state orders is fundamentally new in planning. They guarantee the satisfaction of paramount social needs. The state order in rail transport includes: the dispatch of the most important freight by sum total of product-range groups, passenger turnover, the start-up of production capacity and facilities in the social sphere being constructed using centralized capital investments, the amount of sales of paid services, the production of consumer goods and a number of other indicators for industrial production. The state order is unshakeable and obligatory for fulfillment for the ministry, the railroads and every enterprise.

Some 13 types of the most important products, including coal, coke, oil and petroleum products, timber, metal ores, chemical and mineral fertilizers, grains and perishable foods are included among the product groups of the state order.

The overall volume of shipping by state order comprises, according to the plan markers, 2,370 million tons, or about 60 percent of the total amount of freight shipped. For all remaining freights, the plans are formulated by the railroads in conjunction with the shippers. This is a fundamentally new provision. The main thing is to meet fully the needs of all enterprises. It must also be kept in mind that the volume of shipping is also income, and this means opportunities for developing production and resolving social issues.

The yearly plan stipulates control figures for the total dispatch of freight (estimated), profits, currency receipts, summary indicators for scientific and technical progress and a number of others. The list is strictly limited. They are not of a directive nature and should not be binding on the collectives in the development of plans in striving to achieve the highest possible efficiency. Taking into account the fact that the conversion of enterprises to full economic accountability is being implemented under conditions of an approved five-year plan, the development of plans for 1988-90 should be accomplished proceeding from the indicators of the five-year plan and the economic standards being stipulated for these years.

Economic standards play a decisive role in planning. They should provide for a direct link between the size of incomes and all the funds of the enterprises with the results of production activity. It is namely economic standards that determine the interrelationships with the budget and the formation of wage-payment and economic-incentive funds. The standards should be such that the enterprises will have a vested interest in working in the interests of society and achieving the dedicated purposes of the plans.

The stability of the financial situation of the sector overall and each of its subdivisions in particular acquires especial significance for the successful transition to full economic accountability and self-financing. The state of finances in rail transport today is extremely strained. And the paramount task is to strengthen it. There is only one way to do it—bring internal reserves into action. This must be done in extraordinary fashion, displaying maximum economic enterprise.

A broad offensive must be launched to achieve a sharp reduction in non-productive expenses and losses. It is important that a regimen of economy be strictly observed and the use of fixed capital, first of all rolling stock, be improved. More attention should be devoted to improving standards setting. New approaches must be sought and new opportunities found to increase the volumes of work, the output of products, the production of consumer goods and the expansion of paid services to the population. It is time boldly to seek out non-traditional sources for income growth. We must be decisively rid of long unused resources and spare parts and equipment and find ways of selling off all that the sector and

its enterprises do not need. In general, the discussion concerns a universal consideration of money and earning and increasing income. And, of course, spending funds sensibly and economically.

Today the construction of new railroad lines, subways, large general transport or special-purpose enterprises as well as the facilities in the social sphere that are part of such construction projects will be financed through centralized state capital investment. Large-scale measures in reconstruction and expansion of existing enterprises and facilities can also be accomplished through the budget in coordination with Gosplan. Centralized capital investments will comprise roughly half of the overall limit in 1988.

The reconstruction and technical retooling of existing lines and enterprises, the acquisition of locomotives and track machinery and equipment and the development of the social sphere should be accomplished using funds earned by the enterprises, as well as with the aid of bank credit. The funds for these purposes will be deducted from the profits obtained according to strict standards. And this means that the better the enterprise works, the more opportunities it will have to develop the productive and social spheres.

The rights of railroads and enterprises to approve planning-estimate documentation and title lists for construction facilities are being expanded. For production facilities with a cost of up to 6 million rubles, the documentation will be approved on the spot.

The collective's social-development fund is becoming the principal source for strengthening the social sphere, which affects the personal interests of every worker. More than half of it is directed toward the construction of housing, hospitals, schools and lodging houses. Some 275 rubles from the budget are further earmarked for these purposes.

The ministry has approved a program of housing construction for this five-year plan. The start-up of 200,000 apartments is planned. This program must unfailingly be fulfilled. Railroads, enterprises and organizations are being granted the right to use, upon the decision of the labor collectives, some of the production-development fund for housing construction, as well as part of the material-incentives fund for the construction of non-productive facilities and to use bank credit. Such broad rights provide greater opportunities for the successful resolution of the tasks of social development in the sector.

The foreign economic ties of the country will be reinforced and expanded. In the last five years alone, the volume of shipping through border stations has grown by one and a half times. At the same time, shortcomings in the organization of international shipping have yet to be surmounted. Their planning must be improved, train

delays at the border must be eliminated, the precise fulfillment of the schedule must be achieved and the work of border stations must be improved.

The discussion concerns a radical restructuring of the whole operating system in the realm of foreign trade. Much will have to be done for the purpose of developing and organizing scientific and technical ties on a new basis. Up until recently, many trips abroad have in practice not led to the incorporation of the new and conclude just with plans for measures or with notations in reports. Licensing work is being conducted extremely passively, especially in the sale of domestic developments and innovations in railroad equipment and technology. It is essential to make maximum use of the opportunities presented for direct production, scientific and technical ties.

Measures for implementing the resolutions of the June Plenum of the CPSU Central Committee along with methodological directives on the procedures for planning, financing capital investments and forming wage, material-incentive, social-development, production-development and science and technology funds and many other documents have been prepared and are being sent to the railroads. They must be studied carefully, considered, their positions determined, and specific proposals must be formulated so that the ultimate versions of the methodological directives take all nuances into account.

It is also necessary to rework a large number of instructions so as to bring them into accordance with modern requirements and the State Enterprise (Association) Law. This is very crucial and labor-intensive work, and it must be concluded in a very short period of time.

The transition to new methods of economic operation should be combined with improvements in the organizational structure and all the operations of management organs. Improvements in organizational structures and management organs and reductions in the administrative apparatus have been carried out in the railroads, divisions and enterprises, especially in connection with the incorporation of the experience of the Belorussian Railroad and preparations for the transition to new operational economic conditions. The structure of the central apparatus of MPS has also been improved.

Today, proceeding from the resolutions of the June Plenum of the CPSU Central Committee, it is necessary to reconsider the overall scheme of rail transport and the structure of the ministry's central apparatus. The specific features of the centralized management system of the sector should be fully taken into account therein, where an exceptional harmony and interaction, a continuity of technology of the shipping process and the rhythmic operation of the unified transport conveyor must be ensured at all levels.

It is envisaged that the new organizational structure of the sector overall and certain of its subdivisions will be simplified as much as possible and will eliminate duplication. The suggestions of railroad executives, scientists and transportation specialists along with a wide circle of railroad workers will be taken into account in the course of this work.

The development of automated management systems and the widespread utilization of computers should ensure a transition to a fundamentally new technology for operational leadership and long-term management influence on the operation and development of production. The discussion concerns the creation of dispatcher centers for the management of operational work in the ministry and on the railroads.

The integration of information with the aid of computers will permit more efficient planning and economic work and the implementation of scientific and technical policy. A developed information system is being created for this purpose using personal computers for the employees of the MPS apparatus, which will link with the Main Computer Center and the railroad computers centers. The creation of a scientific production association for the development and manufacture of automation equipment should be accelerated.

The radical restructuring of management makes new demands of personnel work. After all, all managers must in essence master once again the economic methods of operation and pass a maturity examination. The training of personnel in the new methods of economic operation must be organized everywhere and at all levels. The organs of the transport press, the Knowledge Society and the scientific and technical community of rail transport should play a large role in propagating economic knowledge.

Managers of all ranks should master the new concepts of management based on the independence of enterprises and the high activeness of the workers. This does not at all signify a rejection of sole responsibility and strict procedure at enterprises. On the contrary, even stricter observance of the technology of production and labor discipline are required. The discussion concerns working under conditions of genuine democratic centralism in the Leninist sense.

This year marks the 70th anniversary of Great October. And the debt of all of the workers of the sector, the minister emphasized in concluding his report, is to fulfill plan targets and socialist obligations with honor, to operate in a highly productive and economical manner and to serve as an example of thoughtful and consistent fulfillment of the resolutions of the 27th Party Congress and the June Plenum of the CPSU Central Committee.

In the course of discussing the report, the speakers stressed that rail transport as a sector of the national economy has many specific features. They must unflinchingly be taken into account in the transition to full economic accountability, self-financing and in restructuring the management system.

The work of all enterprises and subdivisions is interconnected in the closest fashion. Only a fifth of shipments are carried out within the confines of a single railroad, while four fifths are within the confines of two or more mainlines. A centralized system of income receipt with its subsequent distribution is in effect. And it is far from easy to achieve a distribution that really corresponds to the labor contribution.

The use of the real assets of fixed capital—railcars and locomotives—is also specific. They operate not only on various railroads, but on the sidings of industrial enterprises as well. And economic accountability should be based on a harmoniously arranged system of mutual calculations among railroads, divisions and enterprises along with economic responsibility for exaggerated and underestimated orders and plans.

The enterprises of different sectors of the national economy most often obtain economic benefit from the acceleration of freight deliveries and the use of highly specialized and expensive rolling stock, while the railroads just bear additional expenses. A more effective mechanism for the redistribution of the impact is apparently needed. That which is advantageous to the state should not be a loss for anyone else.

Such an approach is probably also essential in regulating targets as well. Economic controls should also be in effect here—both incentives and serious material sanctions for the disruption of targets.

In improving the management structure, departmentalism within the ministry should be avoided, as it inflicts great harm to the cause. One must refrain from an exclusively territorial principle in determining the boundaries between railroads and divisions, and proceed from the technology and the nature of the railcar traffic.

In creating new equipment, especial attention should be paid to being reliable and service-free. Only in this case can more expensive locomotives, railcars and various other machinery and mechanisms be advantageous.

A serious and scientifically based program for radical improvements in commercial activity is needed, as are specialist personnel well trained in this area.

When the discussion touches on new methods of economic operation, some see only certain benefits that, they say, can be obtained without any particular work. Such an approach inflicts great harm on a very important, necessary and crucial matter. The collective will be able to obtain income, profits and, this means, funds for

material incentives and the resolution of social problems not via some manipulations of numbers, but only as a result of dogged, highly productive and efficient work. The system of standards and the procedure for enterprise financing under economic accountability should also be dedicated to this.

The resolutions of the June Plenum of the CPSU Central Committee, the speakers emphasized, are revolutionary in substance. And the attitude toward bringing them to life should be a most serious one. One cannot tolerate miscalculations in preparing for the transition to new methods of economic operation.

In some places they still do not fully understand how things must be restructured. The role of the main administrations has not been thought out and their functions have not been clearly outlined. It will not be easy for the management apparatus to renounce the petty concerns of the departmental subdivisions, but this must be done, and without this it is simply impossible to put the State Enterprise (Association) Law into effect. A revolutionary restructuring of the mind is essential overall.

The experience of the Belorussian Railroad, which has become a pioneer in these matters in the field of transportation, should be studied in the transition to economic accountability and self-financing.

The foundation of restructuring is being laid today. And the mechanism of economic operation must be worked out very carefully so that the sector begins to operate precisely, persistently and efficiently under the new conditions at once. The year begins with the winter. The lessons of last winter demonstrated convincingly how important it is to prepare for it in good time, in a most careful manner, so as not to suffer defeat at the start of the year.

The collegium expressed its confidence that the railroad workers, mobilizing their forces, will direct their creative energies to restructuring right in the labor collectives and will successfully handle the crucial tasks with which they are faced.

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